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Daily Report

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CONTENTS

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

United States & Canada

XINHUA Reviews Liu Huaqiu's Meetings With U.S. Officials	1
Beijing, Washington Hold Anti-Narcotics Talks 25 Jan [XINHUA]	1
U.S. Links Aid to Russia, Belarus to Reform [XINHUA]	1
U.S. Senate Urges End of Sanctions Against Vietnam [XINHUA]	2
U.S. Lists 10 Countries as Major Emerging Markets [XINHUA]	2
Journalists Group Departs New York; To Visit Washington [XINHUA]	2
Congress Projects U.S. Economy To Grow 2.6 Percent [XINHUA]	3
Report Examines Sino-U.S. Textile Accord [XINHUA]	3

Central Eurasia

Russian Foreign Minister Continues Trip, Meets Leaders	5
Stresses Importance of Ties [AFP]	5
Holds News Conference [XINHUA]	6
Meets With Jiang Zemin [XINHUA]	6
Meets With Li Peng [XINHUA]	7
President Yeltsin Reiterates Resolve for Reforms [XINHUA]	7
Russian Embassy Holds Reception at Art Exhibition [XINHUA]	7
Yearender Views Relations Among CIS Nations [XINHUA]	7

Northeast Asia

Beijing Radio Views Patriot Missiles Issue	8
Cites U.S., ROK Officials [Beijing Radio]	8
Views IAEA Official's Comments [Beijing Radio]	9
Japan-China Friendship Association Holds New Year Party [XINHUA]	9

Near East & South Asia

XINHUA Reports Israel To Purchase U.S. F15-I Planes	9
Correction to Beijing To Export Nuclear Plants to Iran	10

West Europe

French Official Views Upcoming Trip to Beijing [Hong Kong WEN WEI PO 27 Jan]	10
Leaders Meet With French Special Envoy	11
Qian Qichen Meets Official [XINHUA]	11
Li Peng Meets Special Envoy [XINHUA]	12
Britain's Hong Kong Stance Could Hurt Sino-British Trade [XINHUA]	13
Qiao Shi Holds Talks With Austrian Foreign Minister [XINHUA]	13
Qiao Shi Continues Trip to Austria	13
Meets Parliamentary Leaders [XINHUA]	13
Meets Chancellor Vranitzky [XINHUA]	14
Meets Mayor of Vienna [XINHUA]	14
Comparison on Qian Qichen Meeting French Premier	14

NATIONAL AFFAIRS

Political & Social

Beijing University Letter Protests Rights Encroachments [Hong Kong LIEN HO PAO 28 Jan]	16
'Charter' Signatories Criticize Qin Yongmin Arrest [Hong Kong LIEN HO PAO 28 Jan]	16
Li Ruihuan on United Front, Theoretical Study [XINHUA]	17
Tian Jiyun Speaks at Conference on Deng Thought [XINHUA]	19
Li Guixian Inspects Disaster Situation in Shandong [Jinan Radio]	20
CPPCC Subcommittee Hosts Spring Festival Reception [XINHUA]	20
National Organization Affairs Meeting Ends [XINHUA]	20
Reform in Personnel Work Discussed [LIAOWANG 10 Jan]	22
Security Ministry Completes Research on Criminal Trends [XINHUA]	25
Radio Program Discusses Occurrences of AIDS [Beijing International]	25

Economic & Agricultural

Li Peng Addresses Food Supply Conference [XINHUA]	27
MOFTEC's Wu Yi Speaks at News Conference	29
Exports To Expand in 1994 [XINHUA]	29
Foreign Investment Increasing Rapidly [XINHUA]	29
Overseas Businesses Taking Shape [XINHUA]	30
Property Rights Protection Stressed [XINHUA]	30
Economist Liu Guoguang Interviewed on CPC Decision [LIAOWANG 10 Jan]	31
Minister Views Impact of Tax Reform [JINGJI RIBAO 4 Jan]	33
'Central Leader' on Competition in Foreign Trade [Hong Kong TA KUNG PAO 23 Jan]	37
Beijing To Direct Foreign Capital to Inland Areas [ZHONGGUO TONGXUN SHE]	38
Adjustment of Foreign Investment Policy Considered [Hong Kong CHING CHI TAO BAO 24 Jan]	38
New System Governs Machinery, Electronic Imports [XINHUA]	38
'Sustainable Development Strategy' Under Study [XINHUA]	39
Column Views Success in Raising Grain Output [RENMIN RIBAO 22 Jan]	40
Peasants 'Actually in Farming' Total 420 Million [ZHONGGUO TONGXUN SHE]	40
Water Conservancy Project Preparation Nearly Done [XINHUA]	41

REGIONAL AFFAIRS

Central-South Region

Guangdong Launches New Drive in Farmland Protection [XINHUA]	42
Guangdong Strengthens Real Estate Legislation [ZHONGGUO XINWEN SHE]	42
Shenzhen To Expand Special Economic Zone [Hong Kong LIEN HO PAO 17 Jan]	43
Shenzhen Cancels Certain Tax Exemption [Hong Kong LIEN HO PAO 19 Jan]	43
Shenzhen Sets New Economic Growth Record [XINHUA]	44
Henan Increases Revenue Collection [Zhengzhou Radio]	44

Southwest Region

Guizhou Governor Outlines Economic Goals for 1994 [Guiyang Radio]	45
Sichuan Secretary Addresses Provincial Session [Chengdu Radio]	46
Tibet Chairman Addresses Party Meeting 17 Dec [XIZANG RIBAO 18 Dec]	47

North Region

Beijing Secretary Visits Financial, Tax Workers [BEIJING RIBAO 2 Jan]	49
Beijing To Improve Efficiency of Using Foreign Investments [XINHUA]	49
Beijing's Exchange Association Boosts Economic Ties [XINHUA]	50
Hebei's Xingtai City Opens New Flights to Jiangsu [Shijiazhuang Radio]	50
Inner Mongolia Secretary's Work Report [NEIMENGGU RIBAO 23 Dec]	50
Inner Mongolia Secretary Views Deng's Works [NEIMENGGU RIBAO 12 Dec]	53
Education Project Impetus for Tianjin Colleges [XINHUA]	61

Tianjin Holds Foreign Economic, Trade Work Conference [TIANJIN RIBAO 10 Jan]	62
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Northeast Region

Heilongjiang Secretary Addresses Security Conference [Harbin Radio]	62
Heilongjiang Holds Grain Work Conference [Harbin Radio]	63
Private Sector 'Important' in Heilongjiang's Daqing [XINHUA]	64
Gas Explosion at Heilongjiang Coal Mine Reported [Harbin Radio]	64
Jilin Secretary Addresses Forum of Experts [Jilin Radio]	65
Liaoning Secretary Addresses Intellectuals Gathering [Shenyang Radio]	65
Liaoning Abolishes Mandatory Targets for Industry [XINHUA]	65
Liaoning Makes Progress in Improving Old Enterprises [XINHUA]	66

Northwest Region

Qinghai Implements Measures To Control Prices [Xining Radio]	66
Strontium Deposit Found in Qinghai's Qaidam Basin [XINHUA]	67
Xinjiang's Amudurexiti Addresses Meeting [Urumqi TV]	67

PRC MEDIA ON TAIWAN AFFAIRS

Spokesman Criticizes 'Holiday-Making Diplomacy' [XINHUA]	69
ARATS Deputy Chief Reviews Work in 1993 [ZHONGGUO XINWEN SHE]	69
Article Reviews Relations With Taiwan in 1993 [RENMIN RIBAO 21 Jan]	70
Mainland 'First Choice' For Taiwan Investment [ZHONGGUO XINWEN SHE]	72
Oil Corporation To Work With Taiwan in Exploration [XINHUA]	73

TAIWAN

Government To 'Postpone' Arms Purchase From U.S. [Taipei Radio]	74
Christian Democrats Urge Better Ties With Taipei [CNA]	74
BOFT Notes Trade Dependence on Mainland Market [CNA]	74

HONG KONG & MACAO

Hong Kong

PRC Official Says Row To Damage Sino-British Trade [AFP]	76
Continued Reports on Hong Kong Airport Project	76
Officials Urge Talks With Beijing [AFP]	76
Beijing Said 'Willing To Negotiate'	
[Hong Kong SOUTH CHINA MORNING POST 27 Jan]	77
UK Accused of Tampering [Hong Kong WEN WEI PO 27 Jan]	78
XINHUA Runs Criticism of British Stance on Airport	79
Governor To Delay Second Part of Electoral Reform Bill	
[Hong Kong SOUTH CHINA MORNING POST 26 Jan]	79
Official Says Business To Suffer Without Reform [AFP]	80
Chief Secretary Stresses Business Environment	
[Hong Kong SOUTH CHINA MORNING (BUSINESS POST) 25 Jan]	80
British Liaison Group Chief Comments on New Work Committee	
[Hong Kong LIEN HO PAO 15 Jan]	82
'Logjam' Threatens Accords on Extradition	
[Hong Kong SOUTH CHINA MORNING POST 24 Jan]	83
United Democrats Chairman Urges Immediate Reform	
[Hong Kong SOUTH CHINA MORNING POST 25 Jan]	84
Liberal Party Chairman Criticizes 'Propaganda War'	
[Hong Kong HONGKONG STANDARD 26 Jan]	85
UK Building Base in Malaysia for Hong Kong Troops	
[Hong Kong SOUTH CHINA MORNING POST 27 Jan]	86
'Major Reshuffle' of Hong Kong, Macao Office Expected [Hong Kong MING PAO 27 Jan]	87
Li Peng Notes Hong Kong Investment in Mainland [XINHUA]	87

Li Tieying Meets Visitors From Hong Kong [XINHUA]	88
Correction on Hong Kong Airport Editorial	88

United States & Canada

XINHUA Reviews Liu Huaqiu's Meetings With U.S. Officials

OW2801084594 Beijing XINHUA in English 0836
GMT 28 Jan 94

[Text] Washington, January 27 (XINHUA)—As two great countries, the United States and China share common interests and goals in many important areas and their cooperation should be strengthened, U.S. Secretary of State Warren Christopher said here today.

The U.S. official made the statement while meeting with visiting Chinese Vice-Minister of Foreign Affairs Liu Huaqiu.

Progress has been made in U.S.-China relations since the Seattle meeting between the presidents of the two countries in November, 1993, Christopher said, adding that since then there have been other contacts and consultations at various levels.

This is good for enhancing mutual understanding, overcoming differences between the two sides, and further improving and developing relations between the two countries, he said.

The U.S. is committed to developing important ties with China, and is willing to join the Chinese side to enable relations to develop healthfully, Christopher said.

The U.S. official also expressed his admiration for the fact that the 1.2 billion Chinese people have benefited from rapid economic growth in recent years which have seen great changes taking place in China.

In reply, Chinese Vice Foreign Minister Liu Huaqiu said that on the whole, the two countries' common interests and common ground outstrip their differences, and this is especially so if viewed in the long term.

He said China and the United States will eventually find more converging points of common interest and further relations between the two countries provided both sides show great foresight and look to the 21st century and the whole world, and strictly abide by principles set forth in the three joint communiques with a positive and serious attitude, respect reality and increase consultations.

Liu arrived here Tuesday [25 January] at the invitation of the State Department for political consultations at the vice-foreign-ministerial level, according to an agreement reached in Paris between the foreign ministers of the two countries.

Liu had three rounds of consultations with Deputy Secretaries of State Peter Tarnoff and Lynn Davis, respectively, on Wednesday and Thursday.

The two sides had a wide-ranging exchange of views on bilateral relations, human rights, non-proliferation of weapons, trade, and regional and international issues.

The two sides found they shared same or similar views on some of these issues, though differences remain on others.

Both sides agreed to continue consultations on an equal footing for appropriate, just and reasonable solutions to their differences with an attitude of mutual respect and looking to the future.

On Thursday, Liu also met with Deputy Defense Secretary William Perry at the Pentagon. He also met with former U.S. National Security Adviser Brent Scowcroft and former U.S. Secretary of State Lawrence Eagleberger.

Chinese Ambassador to the U.S. Li Daoyu was also present at the meetings and consultations.

Beijing, Washington Hold Anti-Narcotics Talks 25 Jan

OW2601123894 Beijing XINHUA in English 1225
GMT 26 Jan 94

[Text] Beijing, January 26 (XINHUA)—Bai Jingfu, deputy head and secretary general of the National Narcotics Control Commission of China, held talks here Tuesday [25 January] with visiting U.S. Assistant Secretary of State Robert Gelbard on anti-drug issue.

In a sincere and friendly atmosphere, Bai, also vice-minister of public security, and Gelbard exchanged views on cracking down on international drug-related crimes, especially on how to deal with the "golden triangle", place of origin for much of the world's illegal drug trade.

They agreed that it is necessary for China and the United States to strengthen cooperation in anti-narcotics efforts.

Bai said China hopes that the U.S. side would take positive steps to remove obstacles and promote a smoother and healthier development of Sino-U.S. anti-narcotics cooperation.

Gelbard pledged to work in this direction.

U.S. Ambassador to China Stapleton Roy was present at the meeting.

U.S. Links Aid to Russia, Belarus to Reform

OW2801085894 Beijing XINHUA in English 0848
GMT 28 Jan 94

[Text] Washington, January 27 (XINHUA)—Concerned with the personnel changes in the Russian and Belarusian Governments, the United States said it would link economic aid to the two countries' progress in reforms.

Washington has shown concern in recent weeks following the departure of two prominent officials from the Russian Government, and the removal of Stanislav Shushkevich as chairman of the Belarusian parliament.

State Department Spokesman Michael D. McCurry said Shushkevich's ouster "deprives Belarus of a leadership that has made a remarkable contribution to peace and stability in Europe and to the development of U.S.-Belarus relations."

The personnel changes in Russia and Belarus happened just weeks after President Bill Clinton's visit to the area.

"We continually reassess the policy in terms of changing events, but I think the overall policy, which has been to support the reformists, to support democratization, is the right policy," said White House Spokeswoman Dee Dee Myers.

"We need to wait and see what their policies are before we make judgments about whether they've reversed course," Myers said.

While economic aid in other areas is tied to progress of the reforms, the fund promised for nuclear weapons removal in Belarus will go ahead, Myers said.

U.S. Senate Urges End of Sanctions Against Vietnam

OW2801085594 Beijing XINHUA in English 0813
GMT 28 Jan 94

[Text] Washington, January 27 (XINHUA)—The U.S. Senate voted today to "expeditiously" lift the trade embargo against Vietnam.

The amendment, which was passed by a vote of 62-38 and will attach to the State Department authorization bill, is not legally-binding.

In response, White House Spokeswoman Dee Dee Myers said President Bill Clinton has not decided on the embargo but "welcome the Senate's sentiment on that."

"The President has made changing relations with Vietnam contingent on progress on MIA and POW (soldiers missing in action and prisoners of war) issues," she said.

Myers said the criteria for better ties with Hanoi include return of remains, resolution of discrepancy cases and cooperation with Laos on solving the MIA issue.

"Progress has been made but the overall issue is still under review," she said.

U.S. Lists 10 Countries as Major Emerging Markets

OW2801044594 Beijing XINHUA in English 0418
GMT 28 Jan 94

[Text] Washington, January 27 (XINHUA)—The Clinton Administration has listed 10 countries as the major export markets of the United States, Commerce Secretary Ron Brown said today.

"We have identified 10 countries categorized as big emerging markets, and we are going to come forward with a specific export strategy for all of those countries," Brown said.

Speaking at a press conference attended by foreign reporters, the secretary stressed that the country's specific strategies are "very focused" and "very targeted."

The secretary said that in doing so, the U.S. "doesn't mean the exclusion of any that aren't on that list of ten. It just means that we're going to be giving some special attention" to them.

He disclosed that his department has completed the work of planning export strategies to two of the 10 countries. India, Poland, Indonesia and Turkey are on the list, and Russia is not, he said, adding that there are no countries from the Middle East.

"I agree that too little attention has been given to India as a market. I intend to end that era of neglect and to give India significant attention in that regard," Brown said.

The secretary explained that the new list is an important part of the national export strategy put forward by the Clinton Administration late last year.

The criteria for emerging markets, Brown said, include economic strength, population size, opportunity for American exports, the market-drive nature of the economy, economic reform and privatization.

The government's policy towards investment and the protection of intellectual property rights are also important criteria, the secretary said.

Journalists Group Departs New York; To Visit Washington

OW2601163894 Beijing XINHUA in English 1538
GMT 26 Jan 94

[Text] New York, January 26 (XINHUA)—A seven-member Chinese journalists delegation left here for Washington this afternoon after winding up its five-day visit to New York.

Li Yan, chief of the delegation and first vice-president of All China Journalists Association, told XINHUA today that during his stay in the city he had had fruitful discussions on furthering exchanges between journalists of the China and the United States with David Lampton, president of the National Committee of the U.S.-China Relations.

Lampton said earlier that his organization, which hosted the delegation, is also interested in sending more U.S. journalists to China to cover the fast-growing economy there.

The delegation arrived in New York on January 21 and during the past five days they visited influential news media such as THE NEW YORK TIMES, the JOURNAL OF COMMERCE, the U.S. NEWS AND

WORLD REPORT, and the New York Stock Exchange, and had business as well as academic discussions with their American counterparts.

After visits in Washington, the delegation will continue their visits and studies in St. Louis and Los Angeles before leaving for home on February 5.

Congress Projects U.S. Economy To Grow 2.6 Percent

OW2801001294 Beijing XINHUA in English 2312 GMT 27 Jan 94

[Text] Washington, January 27 (XINHUA)—U.S. Gross domestic product will grow at an annual rate of 2.6 percent from 1996 to 1999, the Congressional Budget Office said today.

In "the economic and budget outlook: Fiscal years 1996-1999", the office projected the federal budget deficit to fall from 223 billion U.S. dollars in the current year to below 170 billion dollars in fiscal 1996.

"The deficit picture is significantly brighter than it appeared one year ago," the report said.

"This distinctly rosier outlook is mostly a consequence of the substantial tax increases and spending cuts enacted last August," said the report.

However, the office added, "the deficit is not on a permanent downward path", and will climb up to around 200 billion dollars in fiscal 1999.

"Based on recent experience, some observers have doubted that deficits will actually decline as a result of the omnibus budget reconciliation act" which is president Clinton's budget reduction plan, the report said.

The office predicted that the real GDP of the country will grow at an annual rate of nearly three percent through 1995, while the unemployment rate will decline from 6.4 percent last December to 6.0 percent at the end of 1995.

The prediction by the bipartisan office for 1994 and 1995 is similar to the blue chip consensus of private forecasters, observers here said.

Today's report is one of a series of reports on the state of the economy and the budget that the congressional budget office issues each year.

In accordance with its mandate to provide "objective and impartial analysis", the 100-page report to the senate and house committees contains no recommendations.

Report Examines Sino-U.S. Textile Accord

OW2701114594 Beijing XINHUA Domestic Service in Chinese 1258 GMT 25 Jan 94

[By XINHUA reporter Jiang Jun (1203 6511): "How the Sino-U.S. Textile Accord Was Reached"]

[Text] Beijing, 25 Jan (XINHUA)—Seventeen January was a day that drew people's attention. It was on this very day that the tense two days of textile negotiations between China and the United States were scheduled to end and when the drastic reduction of China's textile export quota, as announced by the U.S. Government at the beginning of the month, was to take effect. International public opinion has believed that the U.S. unilateral action of reducing China's textile export quota, if enforced, will trigger a trade war between the two countries which might result in tense Sino-U.S. relations. Thus, the success or failure of this round of Sino-U.S. textile trade talks carried major significance.

The text of the Memorandum of Understanding on the Sino-U.S. Textile Trade Agreement was subsequently signed by both sides at 1740 [0940 GMT], less than half an hour before the U.S. negotiators' scheduled flight departure time. The concessions made by both sides on the premise of preserving their own interests have averted an outcome not beneficial to either side, and these have produced results satisfactory to both.

Focus and Divergence

China has been the largest supplier of textiles and garments to the United States, with an annual export value amounting to several billion dollars and representing 13 percent of the textiles and garments sold in the United States. The quantity of Chinese textiles and garments to be exported to the United States are subject to the limits of U.S. import quotas to be negotiated and agreed upon before they are recorded in the textile agreement.

With the termination of the third Sino-U.S. bilateral textile trade agreement on 31 December 1993, China and the United States, from September through December 1993, held three rounds of unsuccessful talks in a bid to conclude a fourth agreement. The focus of disputes was the question of "illegal transshipments."

The so-called illegal transshipments refer to illegal trade carried out fraudulently to avoid quota procedures binding both exporting and importing countries. The United States has alleged the serious illegal transshipment of China's textile exports to the United States. For example, China-made garments bearing the labels of another country or basically China-made garments transported to a certain country for simple processing were sold to the United States as local products, thus avoiding the quota binding China and the United States.

It should be pointed out that such illegal acts were carried out by a handful of enterprises in China. In fact, concerning the question of illegal transshipments, the

stand, interests, and regulatory objectives of both China and the United States coincide. Illegal transshipments have not only upset the United States' import quotas in terms of protecting its own textile industry but have also disrupted China's export order, lowered the prices of its exported textiles, disturbed its export channels, and resulted in it being unable to guarantee its product quality.

China and the United States diverged on the following three major points: First, the United States maintained that about \$2 billion worth of Chinese textiles have been illegally transshipped to the United States, while China held that, despite the existence of illegal transshipments, the actual amount was not that high. Second, the United States pressed for a mandatory reduction of quotas, based on "substantial information", as a punishment, while China insisted that a punitive reduction, if permitted, must be based on the facts and should be examined in consultations to avoid unilateral action. Third, the United States emphasized that cracking down on illegal transshipments is the sole responsibility of the Chinese side, while China pointed out that both sides must be responsible in a common crackdown because these illegal transshipments involved not only Chinese exporters but also U.S. importers and businessmen of a third country who engaged in illegal activities.

As both sides held fast to their views, no agreement was reached in the first three rounds of negotiations. On 6 January 1994, U.S. Trade Representative Mickey Kantor hastily announced that if both sides were unable to reach an agreement in the fourth round of negotiations, the United States would, beginning 17 January 1994, reduce Chinese textile import quotas in 1994 by 25 to 35 percent.

Mutual Concession; Mutual Benefit; Mutual Satisfaction

Representatives of the Chinese and the U.S. Governments began their fourth round of negotiations in Beijing on 15 January. Accompanying the U.S. negotiators to Beijing were representatives of U.S. textile manufacturers, importers, retailers, and consumers' associations. Jennifer Hillman, leader of the U.S. delegation and chief textile negotiator for the U.S. Trade Representative's Office, said that they were here to supervise her negotiations.

As both sides were well aware, both parties' interests would be seriously hurt if negotiations were to break down again. Hence, from the very beginning, both sides were hoping to reach an agreement and the atmosphere was frank and pragmatic.

The negotiations were tense and tough. On the first day, Shi Guangsheng, vice minister of the Ministry of Foreign Trade and Economic Cooperation, invited his American counterparts to dine and then turned the dining table into a negotiating table, enabling both sides to better understand the other's flexibility limit. Negotiations on 16 January, a Sunday, adjourned at 0100 hour in the

morning. With talks entering a crucial stage by noon on 17 January, neither side had the heart to eat a formal lunch and merely filled their stomachs with hamburgers.

Both China and the United States eventually made the necessary concessions:

China—agreed to accept a textile quota reduction of up to three times the amount of textiles if conclusive evidence proves Chinese enterprises' involvement in illegal textile transshipments; accepted major adjustments to automatic increases of some categories of textile quotas as proposed by the U.S. side; agreed to factory visits by personnel from the U.S. Mission in China after obtaining the Chinese side's consent, permission from the enterprises to be visited, and on condition that they be accompanied by personnel from the Chinese side; and agreed to hold consultations over the imposition of a limit on silk products.

The United States—renounced the reduction of Chinese textile import quota by 25 to 35 percent; withdrew the original discretionary clause in the handling of the illegal textile transshipment problem; agreed to a 1.63 percent increase margin for 1995/1996; and agreed to retain the flexible clause on interchangeability of quotas for different categories of textiles.

Mutual concessions lead to mutual benefits. The agreement, reached on the basis of mutual concessions, has helped both sides avoid major losses. China will not be forced to lower its annual textile exports worth more than U.S.\$1 billion and the American importers, retailers, and consumers will avoid losses amounting to tens of billions of dollars as a result of drastic import reduction of Chinese textiles. Viewing the situation as a whole, if a fierce trade war were to erupt between the world's largest developed and developing nations, their economic losses would be unmeasurable.

This agreement also signifies that, as trading partners, a party should not ignore the views of another by indiscriminately and unilaterally handling contradictions and problems emerging from bilateral trade. As Wu Yi, Chinese minister of foreign trade and economic cooperation, told Chief U.S. negotiator Ambassador Hillman after the signing of the agreement: The best way to solve problems is through dialogue and consultations on an equal footing; any attempt to exert pressure will be in vain and will only lead to a trade war.

Ambassador Hillman also acknowledged that the adoption of a formula deemed fair to both sides has resolved differences and led to an agreement satisfactory to both.

The Chinese People Certainly Mean What They Said

The Chinese Government has always attached great importance to the question of illegal transshipments, a focus of the Sino-U.S. textile trade talks.

As far as strengthening propaganda and education among enterprises engaged in export and production and

perfecting legal systems are concerned, the relevant departments have successively handed down more than a dozen documents, explicitly banning illegal textile transshipments. Serious actions were also taken to crack down on such illegal activities. In particular, the "Provisions on Banning Illegal Textile Transshipments," jointly formulated and promulgated in March 1993 by the Ministry of Foreign Trade and Economic Cooperation, the General Administration of Customs, the State Administration for the Inspection of Import and Export Commodities, emphasized both prevention and crack-down. Three national conferences were convened in early 1991 and in early and late 1993 to specifically thrash out related matters.

On the organizational side, in July 1992, China set up a group to investigate illegal textile transshipment problems. With participation by the Ministry of Foreign Trade and Economic Cooperation, the General Administration of Customs, the State Administration for the Inspection of Import and Export Commodities, and with Shi Guangsheng, vice minister of the Ministry of Foreign Trade and Economic Cooperation, as chairman, the group led a nationwide campaign against illegal textile transshipments. Nationwide on-the-spot investigations were conducted in September 1992 and May, July, and August 1993 to identify problems and plug loopholes.

In late June 1992, in a bid to strengthen cooperation with U.S. Customs for joint action, China submitted to the United States a proposed draft of "the Sino-U.S. Memorandum of Understanding on the Joint Prevention of Illegal Textile Transshipment (Draft)." China also instituted investigations of enterprises suspected of involvement in illegal transshipment activities and, once confirmed with conclusive evidence, took stern measures against them, including punishing those who were responsible and exposing their activities. So far, China has punished 14 China-based enterprises dealing with export and production, terminated trade ties with three foreign enterprises, and closed down a foreign enterprise's office in China.

It should be pointed out that, after all, Chinese enterprises engaged in this sort of illegal activities are extremely few in number. Of the 69 illegal textile transshipment cases the United States handed over to China between April 1990 and 16 January 1994 for full investigation, only five out of the 47 investigated cases were confirmed, the rest lacked full or sufficient evidence.

Vice Minister Shi Guangsheng, leader of the Chinese negotiating team, emphatically pointed out: This handful of enterprises, which sought their own benefits at the expense of national interests, have upset the normal Sino-U.S. trade order; their illegal acts must be resolutely and sternly dealt with. From now on, enterprises involved in illegal transshipment will face quota reductions—for serious cases—withdrawal of operating rights, and—for those held directly responsible—legal consequences.

He further urged governments of various localities and departments in charge of foreign trade to attach greater importance to this issue and do their part in protecting national interests. He said that areas found to be involved in illegal transshipments will face punishment of more than three times the quota reductions.

The Chinese people certainly mean what they said; when a promise is made, it will be firmly honored.

Central Eurasia

Russian Foreign Minister Continues Trip, Meets Leaders

Stresses Importance of Ties

HK2701132394 Hong Kong AFP in English 1237 GMT
27 Jan 94

[By Giles Hewitt]

[Text] Beijing, Jan 27 (AFP)—Strong Sino-Russian ties are of paramount importance in ensuring stability in the Asia-Pacific region and defusing potential regional conflicts, Russian Foreign Minister Andrei Kozyrev said here Thursday.

Kozyrev, who arrived here Wednesday for a three-day visit, gave a speech at the Chinese Institute of Diplomacy following talks with his Chinese counterpart Qian Qichen.

While the danger of major regional conflicts is "less than at any time since World War II," potential flashpoints still exist, Kozyrev said in his speech, citing an upsurge in religious extremism in Afghanistan and Tajikistan.

Beijing is particularly concerned that Islamic activists in Tajikistan will fuel unrest in the bordering Chinese region of Xinjiang which has a Moslem-majority population.

Kozyrev also warned of the danger of clashes as countries moved to exploit natural resources in the Pacific, an apparent reference to the oil-rich area around the Spratly islands that are claimed wholly or in part by China, Vietnam, the Philippines, Taiwan, Malaysia and Brunei.

As permanent members of the UN Security Council, Russia and China should work together to help promote the denuclearisation of the Korean peninsula and to control nuclear proliferation in the region, Kozyrev said.

He also proposed the establishment of a regional forum for discussing disputes.

Russia recognises that constructive ties with China "have a strategic importance in Asia and the Pacific," he added.

After the Sino-Soviet rift that developed at the beginning of the 1960s, the two communist giants officially reconciled in 1989 during a visit to China by Mikhail Gorbachev. Since Boris Yeltsin came to power in 1991, the neighbouring countries have enjoyed strong military cooperation.

During his talks with Qian, Kozyrev said the strengthening of bilateral relations would remain a "top priority" and would not be affected by domestic political upheavals in Russia.

The two foreign ministers met for more than two hours of "sincere and cordial" talks on bilateral and international issues, a Chinese foreign ministry spokesman said, adding that one hour of the talks was held in private.

No details were given of their closed-door session.

According to the spokesman, Qian said high-level contacts over the past year, as well as Yeltsin's visit here in December 1992, had lent "great impetus" to the development of Sino-Russian relations, particularly economic and trade links.

Bilateral trade last year soared 30 percent from 1992 to 7.7 billion dollars, with border exchanges alone accounting for 2.5 billion dollars.

Following their talks, Kozyrev and Qian signed an agreement for regular consultations on the establishment of "transit ports" along their 4,500 kilometer (1,800-mile) common border. Around 20 such ports are currently in operation.

During his speech later in the day, Kozyrev welcomed China's participation at the Asia Pacific Economic Cooperation (APEC) forum summit in Seattle in November, and he called on China to help Russia integrate fully in the regional economy.

Kozyrev also voiced hopes that Russia would be able to participate in several large-scale construction projects in China, including the massive Three Gorges hydroelectric dam being built on the Yangtze River.

Kozyrev is due to hold talks with Premier Li Peng and President Jiang Zemin tomorrow before leaving for a tour of the southern Chinese special economic zone of Shenzhen.

Holds News Conference

OW2801073994 Beijing XINHUA in English 0729
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—Visiting Russian Foreign Minister Andrey Kozyrev said here today that it is Russia's "unchangeable policy" to bolster a good-neighborly, friendly and cooperative relationship with China.

He made the remark at a press conference this morning.

Kozyrev noted that he had had specific, friendly talks with Chinese leaders and both sides hold that a long-term bilateral relationship, which would not be affected by political changes, should be established.

He also answered questions relating to Russia's diplomacy and domestic reforms.

Yesterday, the Russian foreign minister delivered a speech here on Russian-Chinese relations, international issues and Russia's foreign policy.

Kozyrev and his party are scheduled to head for Shenzhen city, a special economic zone in south China's Guangdong Province, this afternoon.

Meets With Jiang Zemin

OW2801084994 Beijing XINHUA in English 0836
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—Chinese President Jiang Zemin met here today with visiting Russian Foreign Minister Andrey Kozyrev.

Welcoming Kozyrev, Jiang said that "the whole year's work depends on a good start in spring." Kozyrev's current visit symbolizes a good beginning for Sino-Russian relations in a new year.

Jiang said that President Boris Yeltsin's China visit in December 1992 was "very successful", adding that the bilateral ties witness steady growth on the basis of mutual respect, equality and mutual benefit.

He noted that to maintain and further the good-neighborly and friendly relations with Russia is an unswerving policy of the Chinese Government.

The Chinese side cherishes the hard-won cooperative relations of good neighborliness between China and Russia, Jiang said, hoping that the two nations and their peoples could live in harmony from generation to generation, which is in accord with the fundamental interest of the two peoples and conducive to the peace and stability of the region and the world.

Kozyrev conveyed a personal letter and greetings of Yeltsin to Jiang.

In the letter, Yeltsin again invited Jiang to visit Russia. Jiang, thanking for the invitation, said that he would pay a visit to Russia in due course. He also asked Kozyrev to pass on his regards to Yeltsin.

Chinese Vice-Foreign Minister Dai Bingguo, Chinese Ambassador to Russia Wang Jinqing, and Russian Ambassador to China Yegor Rogachev took part in the meeting.

Meets With Li Peng

OW2801095294 Beijing XINHUA in English 0943
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—Chinese Premier Li Peng met with visiting Russian Foreign Minister Andrey Kozyrev and his party, at Zhongnanhai, here today.

Welcoming Kozyrev and his party, Li said that the policies of good neighborliness, friendship, mutual benefit and cooperation, set by Chinese and Russian leaders during President Boris Yeltsin's China visit in 1992, are "correct".

These policies conform to the essential interests of the two countries and the two peoples and should be adhered to.

On Sino-Russian ties, Li said that the bilateral relations had a fairly long history. The two countries share long borders which should be peaceful and friendly ones.

He said that the economies of the two sides are complementary, adding that Sino-Russian economic and trade relations have experienced rapid development.

The trade volume between China and Russia reached 7.6 billion U.S. dollars last year, which is less than four percent of the total Chinese foreign trade value in 1993.

Li said that both China and Russia should take practical views to explore new ways for further bilateral cooperation. Relevant departments of the two sides should promote contacts and conduct some large-scale cooperation.

Li, on behalf of the Chinese Government and in the name of himself, invited Russian Prime Minister Viktor Chernomyrdin to visit China.

Kozyrev expressed gratitude for Li's invitation. He said that the invitation from President Yeltsin to Premier Li for a future Russia visit was still valid, adding that an early meeting between Russian and Chinese prime ministers will be "very important".

Kozyrev said that Russia is willing to acquire a in-depth understanding of China's economic reform experience. He himself will also tour south China's Shenzhen city to this end.

Li said: "The national conditions in China and Russia are not the same; China's practice is for reference only to your country."

Noting that Russia is rich in natural and human resources, Li said he believed that the Russian people will overcome the temporary difficulties. China wishes to see a stable Russia with a growing economy, he added.

Li also briefed the Russian guests on China's foreign policies. He said that after the Cold War, the world is facing a multi-polarization trend. Yet the world is not

peaceful. New conflicts and contradictions keep occurring. The gap between the north and the south is further enlarged, Li said.

Kozyrev said that the world is not single-pole nor bipolarized but multi-polarized.

In this changing world, Kozyrev said, to improve Russian-Chinese ties is a top priority in his country's foreign affairs. He said that the constructive partnership between the two sides should be enhanced and reach new heights.

Chinese Vice-Foreign Minister Dai Bingguo, Chinese Ambassador to Russia Wang Jinqing, and Russian Ambassador to China Yegor Rogachev participated in the meeting.

President Yeltsin Reiterates Resolve for Reforms

OW2801020794 Beijing XINHUA in English 0154
GMT 28 Jan 94

[Text] Moscow, January 27 (XINHUA)—President Boris Yeltsin will not put up with any retreat from reform by paying lip service only, an official said here today.

Yeltsin's Press Secretary Vyacheslav Kostikov made the statement soon after Boris Fyodorov, a major reformer in the cabinet, resigned as finance minister with a warning of economic collapse and social unrest.

In an interview with the ITAR-TASS news agency, Kostikov said that Yeltsin will watch closely any changes taking place in the government.

Once President Yeltsin finds any divergence from reform in the work of the new cabinet, he will stop it with his constitutional powers, Kostikov noted.

Russian Embassy Holds Reception at Art Exhibition

OW2701131594 Beijing XINHUA in English 1236
GMT 27 Jan 94

[Text] Beijing, January 27 (XINHUA)—The Russian Embassy to China held a reception here this afternoon on the opening of a Russian art exhibition, to welcome Russian Foreign Minister Andrey V. Kozyrev, who is on an official visit to Beijing.

Kozyrev and his wife and selected diplomatic envoys in Beijing attended the reception inside the Russian Embassy.

Yearender Views Relations Among CIS Nations

OW1601171894 Beijing XINHUA Domestic Service in Chinese 0041 GMT 18 Dec 93

["Year-End Report" by reporter Zhu Chengjun (4555 2110 6511): "Relations Among CIS Nations Are Still Evolving"—XINHUA headline]

[Text] Beijing 18 Dec (XINHUA)—It has been two years since the formation of the Commonwealth of Independent States [CIS]. This year, various CIS nations have experienced difficulties and frustrations to varying degrees, resulting in changes in the relations among the members.

For quite some time, generally, the economies of the CIS member nations have had many problems, with serious production setbacks. While some nations have experienced prolonged war, political instability, and fierce internal struggles, others have been mired in nationality and territorial disputes. Confronting all sorts of real-life, serious difficulties, CIS nations are adjusting their own policies. If seeking their own futures soon after the disintegration of the Soviet Union had been the main goals of various CIS nations last year, this year should be the one during which they gradually regain their consciousness "from the intoxication of going their own way" and start exploring new cooperative means among themselves in a bid to overcome political, economic, and social crises.

The signing of the "CIS Constitution" among leaders of seven nations, including Russia, Kazakhstan, and Uzbekistan, in Minsk in January this year, that binds all member nations, signified a temporary end to the year-long CIS "uncertainties." In May, leaders of nine CIS nations signed in Moscow a declaration on the establishment of an economic alliance among CIS nations. The declaration explicitly called for the setting up of a CIS common market where there will be a free flow of merchandise, labor services, capital, and labor forces within the unified economic area. Ukraine did not sign the "CIS Constitution" but signed all documents from that meeting. In September, leaders of nine nations further signed the CIS Economic Alliance Treaty, under which member nations will grant each other the most-favored-nation treatments and formulate a unified credit policy. Although their actual implementation remains considerably distant and the possibility of future changes is not excluded, the declaration and the treaty they signed reflected the urgency and wishes of the contracting nations in seeking cooperation.

In the military field, the relatively prominent feature for this year has been the CIS August decision to establish a unified defense force in Tajikistan, consisting of troops from five nations—including Russia and Kazakhstan—to jointly deal with the opposition armed forces in Tajikistan and the Afghan guerrillas along the Tajikistan-Afghanistan border. Russia has played an important role in establishing this unified force.

In addition, what is worth mentioning is that, with the addition of Azerbaijan and Georgia in the latter part of this year, the number of CIS members will reach 11.

Factors leading to the formation of the trend of cooperation within the CIS have been many and varied. Despite CIS nations' desire for independence, the political, economic, and defense relations among them,

developed over a long period, are difficult to cut off. They are well aware that relying on the Western developed countries to solve important economic, nationality, and territorial issues will be difficult, and that the CIS is needed to solve them. Georgia's final change of attitude and application for CIS membership was an obvious example, as it has to rely on other CIS nations. Russia in particular, for the supply of natural gas, petroleum products, materials, and merchandise. It also has to pin its hopes on CIS military and political support in solving conflicts in Abkhazia. Meanwhile, Russia has taken advantage of its military and economic strength as well as its vast superiority in resources to intensify diplomatic activities among other CIS nations. Russian leaders have openly repeated that Russia has its own strategic interests in certain CIS nations and have exerted influence over the development of certain local events.

However, as the CIS itself is a product of the drastic change and integration of the Soviet Union, relations among member nations are bound to be complex. Currently, wars in the Transcaucasus have not ended, with bloody conflicts reported here and there, while Azerbaijan and Armenia still see each other as enemies. Ukraine, a European country, and Russia remain widely divided over the handling of nuclear weapons and the Black Sea Fleet. Uzbekistan and Kazakhstan in Central Asia decided to issue their own currencies in November this year after rejecting Russia's conditions, forcing the near abandonment of a proposal by six CIS nations in September for establishing a new type of ruble zone. Some foreign forces have also taken advantage of the situation to intensify infiltration and instigation. All of this shows that there will be contradictions, difficulties, and struggles among CIS nations in the process of cooperation.

Overall, CIS nations, while preserving their independence, are looking for closer cooperation. How to handle contradictions arising from the clash of these two tendencies will remain an acute issue they must face. With certain major domestic and foreign policies needing adjustment, the development prospects for many countries have not been clear, adding further complexities to the relations among CIS nations.

Northeast Asia

Beijing Radio Views Patriot Missiles Issue

Cites U.S., ROK Officials

SK2801014094 Beijing China Radio International in Korean 1100 GMT 27 Jan 94

[Text] The relevant officials of the United States and the ROK said that Washington and Seoul are considering deployment of Scud [as heard] missiles in the South of the Korean peninsula to strengthen the ROK's defense capability and defend the ROK from the so-called attack from the North.

A vice foreign minister of the ROK, speaking to reporters yesterday, said that because the missile threat from the North is very real, the ROK hopes to strengthen the U.S.-ROK joint defense capability by the deployment of Scud [as heard] missiles. The foreign ministry official said that the missiles to be deployed in the ROK will not be purchased by Seoul but that they will only augment the arms equipment in the U.S. military base.

An ROK military figure said that the plan on the deployment of missiles was proposed by the U.S. side and that the ROK was worried that this step might provoke [chagugul chuge toelkkabwa] North Korea [choson].

A U.S. official on 25 January had said that the demand for the deployment of the missiles in the ROK had been made by the commander of the U.S. Forces in the ROK. The U.S. official stressed that the United States does not intend to provoke North Korea by the deployment of the missiles in the ROK or to use the Scud [as heard] missiles as a leverage for the nuclear arms negotiation between the United States and Korea.

Views IAEA Official's Comments

SK2801130494 Beijing China Radio International in Korean 1100 GMT 28 Jan 94

[Text] A International Atomic Energy Agency [IAEA] spokesman said on 27 January that the U.S. plan to deploy Patriot missiles to the ROK will not be an obstacle to ongoing negotiations between the IAEA and Pyongyang on the nuclear inspection issue.

In a meeting with reporters in Vienna, David Kyd noted that since 'his plan clearly has a defensive nature, it will not represent a threat to anyone and that this plan is an issue between the United States and the ROK.

Patriot missiles, which were developed and manufactured in the United States, were used during the Gulf war for the first time. These missiles successively destroyed Scud missiles fired by Iraq at Saudi Arabia and Israel.

On 25 January, the U.S. Government said that the plan to deploy Patriot missiles to the ROK was proposed by the commander of U.S. Forces in the ROK. This plan has not been approved by President Clinton nor has the date of deployment or the number of missiles been decided.

Japan-China Friendship Association Holds New Year Party

OW2801101094 Beijing XINHUA Domestic Service in Chinese 1412 GMT 18 Jan 94

[By reporter Zhang Huanli (1728 3562 0448)]

[Text] Tokyo, 18 Jan (XINHUA) —The national Japan-China Friendship Association and the Tokyo Japan-China Friendship Association jointly held a new year reception at the Nyosui Hall in Tokyo this afternoon to

express wishes for even greater progress in the friendly ties between Japan and China in the new year.

At the new year party, Ikuo Hirayama, president of the national Japan-China Friendship Association spoke first. He reviewed the healthy development of friendly ties between Japan and China amid drastic changes in the world situation. Hirayama said: Japanese-Chinese friendly ties have entered a new stage with the advent of the new year. He believed the development of friendly relations between Japan and China will contribute immensely to peace in the Asia-Pacific region, and in the world.

After that, invited guest Wang Yi, minister-counsellor at the Chinese embassy in Japan, delivered a speech. He said: The development of Sino-Japanese friendly ties is inseparable from the constant efforts over a long period made by the Sino-Japanese Friendship Association as well as by other friendly Japanese people's organizations. He hoped the Japan-China Friendship Association would make even greater contributions to the cause of Sino-Japanese friendly relations in the new year.

Japanese Vice Premier and Foreign Minister Tsutomu Hata also attended the new year reception and spoke at the gathering. He expressed satisfaction with the development of Japan-China relations. He talked about his recent official visit to China, saying: China's reform and opening to the outside world are progressing in a healthy direction. He expressed his heartfelt joy over China's ability to overcome difficulties that arose in the course of its development, and over China's rapid economic development. Hata said, to further enhance the development of Japan-China ties, he hoped the anticipated visit by Prime Minister Hosokawa to China would be realized soon.

About 500 invited guests including Yoshio Sakurachi, former speaker of Japan's House of Representatives and chairman of the Japanese Association for the Promotion of International Trade, responsible officers of various Japanese people's organizations, and friendly people from various circles, as well as President Jiang Yanlong and Honorary President Chen Kunwang of the Federation of Overseas Chinese Associations in Tokyo, attended the new year reception.

Near East & South Asia

XINHUA Reports Israel To Purchase U.S. F15-I Planes

OW2801123094 Beijing XINHUA Domestic Service in Chinese 0418 GMT 28 Jan 94

[Text] Jerusalem, 27 Jan (XINHUA)—'Oded Ben-'Ami, adviser to Israeli Prime Minister and Defense Minister Rabin, announced here today that Rabin had accepted the recommendation from Israeli military authorities and gave the Israeli Air Force his concurrence to purchase U.S.-made F15-I jet fighters.

The F15-I jet fighter, manufactured by the U.S. Lockheed Aircraft Company, is a model of the F15-E which the company builds especially for Israel. Many consider the F15-E the most advanced jet in the world today.

Ben Ami said purchasing the F15-I fighters will improve the "qualitative superiority" of the Israeli Air Force.

It was reported that before Rabin made his decision, Israel compared the costs, capabilities, and other aspects of candidate planes in accordance with Israel's defense needs. Among the candidates were McDonnell's naval aircraft—the F/A18 Hornet—and Lockheed's F-16 double-seat fighter, with the latter being more favored.

When U.S. President Clinton met with Rabin in Washington last October, he said the U.S. Government would consider exporting F15-E's to Israel; he also agreed to transfer the technology, which was unprecedented. In November, Clinton wrote to Rabin indicating he supported the project.

Correction to Beijing To Export Nuclear Plants to Iran

HK2801040094

The following correction pertains to the item headlined "Beijing To Export Nuclear Plants to Iran" published in the Near East and South Asia section of the 27 China Daily Report, page 14:

Column two, paragraph seven, end of first sentence make read: ...nuclear power equipment. Since construction work started on 1 August last year on the nuclear reactor sold to Pakistan, the project has made good progress. The two parties....(rewording per chief monitor recheck)

West Europe

French Official Views Upcoming Trip to Beijing

HK2801033094 Hong Kong WEN WEI PO in Chinese
27 Jan 94 p A2

[By WEN WEI PO special correspondent in Paris Cheng Jo-lin (6774 5387 7792): "Interviewed by Our Reporters Before Leaving for Beijing, French Special Envoy Talks About Two Missions on His China Trip"]

[Text] Paris, 26 Jan (WEN WEI PO)—Alain Peyrefitte, special envoy of French Prime Minister Balladur, is leaving on a visit to Beijing today. When interviewed by our reporters before leaving, he said during his visit to China that he will make preparations with the Chinese authorities for Edouard Balladur to visit China. He also hinted that the French prime minister's March visit will be very important. "Some concrete achievements will be made during the visit," he said.

Alain Peyrefitte is a member of the French National Assembly, an academic, a LE FIGARO editorial writer, and a former minister with the government of General

Charles de Gaulle. He has written a variety of books about China, including one entitled "When China Awakes..." He has many readers in France and is one of the best known China experts in his country.

He told our reporters that the French prime minister expects that concrete achievements will be made in both the political and economic fields during his China visit. "We hope we can bring some contracts back to our country. With regard to technology in the fields of energy, communication, and telecommunication, which are three crucial fields for China's economic construction, France is the most powerful country or one of the most powerful countries in the world. For this reason, there are good prospects for cooperation between France and China."

Talking about the goals of his Beijing visit, Peyrefitte said: "I have been designated by Prime Minister Balladur this time to visit Beijing with two missions. First, to celebrate the 30th anniversary of the establishment of diplomatic relations between France and China. No ceremonies were held by any of the two to mark the 20th and 25th anniversaries of the establishment of diplomatic relations, because Sino-French relations were good at that time and there was no need to do so. But this time, some difficulties have appeared between the two countries. Therefore, it is necessary to dispel the dark clouds over the two countries and turn a new page in history. A historic day for both countries was 27 January 1964. On that day, France and China issued a joint communique on the establishment of normal diplomatic relations. The purpose of celebrating this historical date is to reestablish good relations of mutual trust between France and China. Members of my delegation include Philippe de Gaulle, son of General Charles de Gaulle and a member of the National Assembly. (Clode Chaille) [ke luo de xia ye 0344 3157 1795 1115 0673], who built the French Embassy in China 30 years ago, and other people who have rendered contributions to the establishment of diplomatic relations between France and China."

"My second mission is to make preparations for Prime Minister Balladur's visit to China. I will discuss with the Chinese authorities such matters as the itinerary of Balladur's visit and the agenda for talks. Of course, this also includes the date of the visit and concrete achievements to be made, because this will be a very important visit, which cannot yield no concrete results."

He pointed out: "I believe that resuming a relationship of mutual trust will benefit both countries. France and China, alike. This relationship of mutual trust has been established through great efforts over the past many years, which can be traced back to 1963 when General de Gaulle began to take action and sent his special envoy Fier [fu er 1381 1422] to China to seek the possibility of establishing diplomatic relations with China. As a result, France became the first Western power to recognize the People's Republic of China [as published: Britain established diplomatic relations with the PRC in 1954 at

charge d'affaires level]." Alain Peyrefitte continued: "In recent years, as France first sold a destroyer and then Mirage planes to Taiwan, bilateral relations have been harmed. Therefore, it is important to repair the friendly relations between France and China now. I am pleased to see that both sides have finally ironed out their disputes arising from arms sales to Taiwan."

Referring to France-Taiwan relations, Peyrefitte pointed out: In 1963, General de Gaulle began to take action and sent his special envoy (Fuer) to China to seek the possibility of establishing diplomatic relations with China. At that time, both Beijing and Taipei held that there was only one, inseparable China. Taipei always held it had sovereignty over the mainland. To France, this was obviously not in conformity with reality.

A reporter asked: Former French Foreign Minister Dumas of the Socialist government said some days ago that when he was minister of foreign affairs, he promised to China that Lafayette, the destroyer sold to Taiwan, would not be equipped with weapons. Therefore, he criticized the Balladur Government for breaking the promises he had made to China on behalf of France. What is your comment on this?

Peyrefitte replied: According to the files and relevant documents I have read, I feel that Mr. Dumas might be frank and honest when talking about this issue, because he did not know that, at that time, the French Government had reached a secret agreement with Taiwan on this issue. This secret agreement was included in the contract with Taiwan. According to the secret agreement, if Taiwan was unable to fit out weapons on the destroyer sold by France, it would ask France to bear responsibility. What I want to explain is that it is not the Balladur government which has taken action to equip those ships with weapons, because it does not conform to the government's policy. On the contrary, having knowledge of this agreement after assuming office, Balladur realized immediately that this was something that should be changed.... That is why he believes that reestablishing a relationship of mutual trust with China is very important.

Peyrefitte also told our reporters that France is confident that economic cooperation and trade with China will be rapidly increased and France will be able to regain its lost share of the Chinese market due to the sale of fighters to Taiwan.

He pointed out: France was the first Western power to recognize China. The late Chinese Premier Zhou Enlai, whom I met several times in 1971, once told me that "when French enterprises come to China, under conditions of competition on an equal basis and so long as the price and quality are the same, we will give them first consideration." However, French enterprises have not made full use of this. Since 1981, France has been going backwards in the Chinese market. In those years, France occupied some 4 percent of the Chinese market, which was already rather low. But now its share has dropped to

as low as 1.8 percent. It has dropped by 2.2 percent in the past decade. But this was still the figure before the arms sales to Taiwan. Since then, because of China's economic sanctions, France's Chinese market occupation rate has been dropping from 1.8 percent toward zero. Therefore, I hope that with the improvement of Sino-French relations, this important share can rise a little bit. Especially, as in the same period, the share of the Chinese market occupied by Germany, Italy, and other countries have been increasing rapidly. Yet France's has dropped to as low as those of Romania or Belgium. To France, this is incredible.

Leaders Meet With French Special Envoy

Qian Qichen Meets Official

OW2701161094 Beijing XINHUA in English 1529
GMT 27 Jan 94

[Text] Beijing, January 27 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen this evening hosted a banquet here in commemoration of the 30th anniversary of the establishment of Sino-French diplomatic relations and in honor of Alain Peyrefitte, visiting special envoy of French Prime Minister Balladur.

Qian made clear at the banquet that the maintenance of Sino-French friendly relations of cooperation is not only in the basic interest of the two peoples, but also beneficial to world peace, stability and economic development.

Qian said that 30 years ago, Chairman Mao Zedong and Charles de Gaulle made the historic decision for the establishment of Sino-French diplomatic relations with the foresight and sagacity of great statesmanship, despite all obstacles.

While reviewing the development of Sino-French relations today, he added, we feel stronger that the decision made by leaders of both countries at that time was right and fitting with historical trends.

Qian noted that the agreement reached between the two governments not long ago has turned a new page on Sino-French relations.

Qian pointed out that China and France, sharing the same or similar views on many important international issues, should strengthen consultations and coordination.

He said that China attaches great importance as always to relations with France, holding that Sino-French relations should have an eye not only on the present, but also on the next century.

He added that the long maintenance of stable Sino-French friendly relations of cooperation is a factor for world peace and balance.

Qian noted that China and France share strong economic complementarity, which embodies a vast potential for bilateral economic and trade cooperation, in

hopes that more French enterprises and corporations come to China to invest and conduct business.

He said that Chinese leaders are hoping for French Prime Minister Edouard Balladur to visit China, voicing that the visit, an important event in bilateral relations, will further accelerate and promote an overall restoration and development of Sino-French relations.

Peyrefitte and his party arrived here this morning to participate in commemorative activities for the 30th anniversary of the establishment of Sino-French diplomatic relations and to make preparations for Balladur's visit to China.

At the banquet, Peyrefitte said that shadows over bilateral relations in the past few years have been cleared now, so both France and China are ready to hold grand memorial activities to mark the anniversary.

He continued that during the past 30 years, the world, China and France have all experienced changes, but China and France are not the same as other countries for France is the sole oldest country in the Western world and China is the sole oldest country in Asia, and both countries have their experiences and influence, which cannot be measured by population and gross national product.

He said that since 1978 when China started its drive toward modernization, reform and opening up, its efforts have resulted in a surprising and sustained economic growth, which has won China many friends.

He pointed out that, as old friends, France and China have become frank friends again after removing misunderstandings today.

Peyrefitte at last quoted a Chinese saying, with a wish for Sino-French friendship to "last forever".

French Senator and Admiral Philippe de Gaulle also made a speech at the banquet, saying that the decision made by his father, former President Charles de Gaulle, in 1964 to establish diplomatic relations with China was a symbol of an independent foreign policy followed by a sovereign France.

The concept of national independence is the one most remarkable common point shared by the two peoples, he added.

He continued that, compared with 1964, today's China, a big country in politics and culture and an economic giant accelerating its construction as set out by Mr. Deng Xiaoping, occupies a more prominent position in history and cultivation.

He voiced that both countries have more reasons than in 1964 to maintain and develop friendly relations set up in the past.

Present at the banquet were Power Industry Minister Shi Dazhen, Posts and Telecommunications Minister Wu Jichuan and French Ambassador to China Francois Plaisant.

Before the banquet, Qian met with Peyrefitte and his party, praising Peyrefitte for his efforts in pushing forward the development of Sino-French relations and enhancing understanding and friendship between the two peoples during the past 30 years.

He noted that Sino-French relations have played a constructive, stable and balancing role in the world during the past 30 years, whose importance has exceeded bilateral relations and should be exercised even more in the current new world situation.

Qian pointed out that history will prove the rightness of the decision on normalization of Sino-French relations made by Prime Minister Balladur.

He welcomed French enterprises to take part in equal competition on the Chinese market, saying that China is witnessing a high economic growth rate.

Peyrefitte said that Balladur has pushed bilateral relations back onto a normal track, hoping his visit to China would be fruitful.

This afternoon, Vice-Foreign Minister Tian Zengpei held talks with Peyrefitte.

Li Peng Meets Special Envoy

OW2801091794 Beijing XINHUA in English 0905
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—Chinese Premier Li Peng stressed here today that China and France should develop their bilateral relations with an eye on the 21st century.

The Chinese premier made the statement during his meeting with Alain Peyrefitte, special envoy of French Prime Minister Balladur, who presented a letter from Balladur to the Chinese premier.

Li said that the two countries, both influential nations in the world without conflict of fundamental interests, should strengthen bilateral cooperation in the drastically changing international situation.

The Chinese premier expressed the hope that the two sides would take a positive and practical attitude and explore new ways to broaden cooperation.

Li paid high tribute to the positive contributions made by Mr. Peyrefitte to the improvement of the Sino-French relations.

Mr. Peyrefitte said that the historic decision to establish diplomatic relations with China taken by General Charles de Gaulle 30 years ago is still of great significance and the bilateral relations have been brought onto

a normal track after a period of difficulties and the traditional friendly cooperation has been restored.

Li Peng said that the correct decision of establishing diplomatic relations between the two countries made by Chairman Mao Zedong and President de Gaulle with foresight and sagacity of great statesmen opened up a new stage of development in the bilateral ties.

Li said that the relations of the two countries have been good in general, with great development of cooperation in every field.

Li expressed the hope that the forthcoming visit by French Prime Minister Edouard Balladur would be a complete success.

Peyrefitte said that France admires China's economic development and French enterprises are willing to take an active part in China's economic construction.

The economic and trade relations are sure to be further enhanced, he stated.

Britain's Hong Kong Stance Could Hurt Sino-British Trade

OW2801083394 Beijing XINHUA in English 0812
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—The uncooperative attitude the British Government is taking on the Hong Kong issue is likely to affect Sino-British trade ties, said Wu Yi, minister of foreign trade and economic cooperation.

Wu told a press conference sponsored by the Information Office of the State Council here this morning that the bilateral trade relations are not bad on the whole, and the potential for their development is also great.

Last year, the bilateral trade volume reached 3.59 billion U.S. dollars, an increase of 86 percent over the previous year.

However, Wu said, it is very difficult to say that the uncooperative attitude the British Government is taking would not affect the bilateral trade ties.

The situation is what the Chinese side would not like to see, and the British side should shoulder the whole responsibility in this regard.

Qiao Shi Holds Talks With Austrian Foreign Minister

OW2701171594 Beijing XINHUA in English 1453
GMT 27 Jan 94

[Text] Vienna, January 27 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, said here today that China hopes the process of the European integration will move forward smoothly.

"We also hope that cooperation between Europe and Asia will be further strengthened," said Qiao when meeting with Austrian Foreign Minister Alois Mock.

Qiao said that it is imperative to use peaceful means to solve state-to-state differences and conflicts.

He hoped that the United Nations would play more important role under the present turbulent and dramatic changes in the world.

During the meeting, Qiao briefed Mock on China's foreign policy.

He said that China, as one of the permanent members of the U.N. Security Council, will do its best to do everything beneficial to the world peace and stability.

"China desires to enhance its friendly ties and cooperation with countries all over the world," he added.

On Sino-Austrian ties, Qiao said: "We are satisfied with the growth of bilateral ties, hoping that such relationship will be continuously enhanced on the existing basis."

Qiao invited Mock to visit China later so as to directly acquaint himself with the country's changes.

Mock extended his warm welcome to Qiao who arrived in Austria Wednesday [26 January] on an official goodwill visit.

He also gave a brief account of Austria's foreign policy.

Cao Zhi, secretary-general of the NPC Standing Committee, participated in the meeting.

Qiao Shi Continues Trip to Austria

Meets Parliamentary Leaders

OW2701173594 Beijing XINHUA in English 1722
GMT 27 Jan 94

[Text] Vienna, January 27 (XINHUA)—Qiao Shi, visiting chairman of China's National People's Congress (NPC) Standing Committee, held talks here today with Heinz Fischer, president of the National Council of Austria.

The talks mainly focused on the growth of bilateral relations and exchanges between the two parliaments.

A NPC official said the talks proceeded "in a cordial and friendly atmosphere."

Qiao said the relations between China and Austria have been good since they established diplomatic ties in 1971.

Recent years see new development of such relationship thanks to the efforts made by Fischer, Qiao said.

He noted that the two sides have shared identical or similar views on most of the issues.

Qiao expressed the belief that his visit to Austria will surely help increase mutual understanding and friendship and contribute to the development of the two countries in every field.

Fischer described Qiao's visit to Austria as "a very important event in the history of bilateral ties."

He said the two countries have a long history of contacts, adding that it is worthwhile for the two countries to establish diplomatic ties.

Austria pays great attention to China's development, he said, adding that China's economic growth in the past or in the future is of great significance to the whole Europe.

During the talks, Qiao also expounded his view on the human rights issue.

Fischer expressed his understanding of China's position on this issue. Cao Zhi, secretary-general of the NPC Standing Committee, and Heide Schmidt, the third president of the National Council of Austria, were present at the meeting.

Also today, Qiao met with Robert Michael, the second president of the National Council of Austria, and other leaders of the Austrian parliament.

Meets Chancellor Vranitzky

*OW2701193594 Beijing XINHUA in English 1745
GMT 27 Jan 94*

[Text] Vienna, January 27 (XINHUA)—Austrian Chancellor Franz Vranitzky said here today that Austria attaches great importance to its relationship with China.

He said this at a meeting with Qiao Shi, visiting chairman of China's National People's Congress (NPC) Standing Committee.

Vranitzky said that since he visited China last year, new progress has been made in China's economy.

He said that Austria will concentrate its efforts to engage in European affairs. At the same time, he said, his country also attaches great importance to developing its relations with China.

"We hope that the Austria-China ties will be further grown," he added.

Qiao said that the Chinese people are determined to make unremitting efforts through several generations to build their own country into a modernized one which he said will benefit the world peace and stability.

He said that he is sure that China, as a permanent member of the United Nations Security Council, will make due contributions to the world peace and stability.

Qiao said that it is his aspiration that the Sino-Austrian ties will be developed in an all-round way on the existing basis.

During the meeting, Qiao conveyed the cordial greetings from Chinese Premier Li Peng to Vranitzky.

Vranitzky also asked Qiao to convey his good wishes to Li Peng.

Meets Mayor of Vienna

*OW2801003094 Beijing XINHUA in English 0005
GMT 28 Jan 94*

[Text] Vienna, January 27 (XINHUA)—A top Chinese parliamentary leader Qiao Shi today met and had a cordial talk with Helmut Zilk, mayor of Vienna, and Christine Schirmer, president of the parliament of the Vienna State.

Both Zilk and Schirmer extended their warm welcome to Qiao, visiting chairman of China's National People's Congress (NPC) Standing Committee.

Qiao said he was very glad to have the chance to visit Vienna, home of music, which is also an important center for international meetings and a residing place for the United Nations organizations.

Vienna has established sound cooperative ties with Beijing, capital of China, he said.

Over the past few years, he said the number of projects for cooperation between Vienna and other Chinese cities have increased.

"I believe that the deepening of China's reform and opening up will provide more favorable conditions for the friendly relations and cooperation between China and countries all over the world."

Following the meeting, Schirmer gave a banquet, welcoming Qiao and his wife and their party.

This evening Qiao and his party were entertained to watch an opera "A Happy Widow".

Comparison on Qian Qichen Meeting French Premier

CM2501015394

Beijing XINHUA Domestic Service in Chinese at 1138 GMT on 24 January carries a 737-character report on Chinese Vice-Premier and Foreign Minister Qian Qichen meeting French Prime Minister Edouard Balladur in Paris on 24 January.

The XINHUA Domestic version has been compared to the XINHUA English item published in the 25 January China Daily report on page 21 and contains the following variations:

Column one, paragraph nine, only sentence, reads: here this morning, amid a cordial and friendly atmosphere which lasted 45 minutes. (supplying variant wording);

Same column, paragraph eleven, only sentence, reads: so as to bring about a new and closer development of Sino-Chinese ties. (supplying variant wording);

Column two, paragraph two, sentence two, reads: Sino-French diplomatic relations. The wise decision made by General Charles de Gaulle to establish diplomatic ties with China in those years showed his foresight and sagacity. (providing variant wording).

Column two, paragraph nine, only sentence reads: Minister Li Peng. [new graf]

Vice Foreign Minister Liu Huaqiu; Cai Fangbo, Chinese ambassador to France; and (Monfran), foreign affairs adviser to French Prime Minister, attended the meeting. (providing additional paragraph)

Political & Social**Beijing University Letter Protests Rights Encroachments***HK2801041294 Hong Kong LIEN HO PAO in Chinese
28 Jan 94 p 2*

[By reporter Teng Mei-ling (6772 5019 3781): "Beijing University Teacher and Student Issue a Letter of Appeal Jointly Signed by People From All Walks of Life, Calling for an End to Encroachment of Civil Rights"]

[Text] Yuan Hongbing, deputy director of the Beijing University Law Department Procedural Law Teaching and Research Office, and Wang Jiaqi, a postgraduate law student specializing in handling cases wherein ordinary people have gone to law against government institutions, yesterday made public a letter of appeal signed by people from all walks of life, demanding that public security organs take measures to stop the occurrence of any events which encroach on citizens' interests and personal dignity. The letter of appeal was signed by 350 people and involved the largest number of people to sign a petition since the 4 June incident in 1989. The signatories include many prodemocracy activists.

The petition was sparked by the following event. On 2 July 1992, Yan Zhengxue, "head" of an artist's village near Yuan Ming Yuan, who is also a deputy to the Jiaojiang City People's Congress, Heilongjiang, was involved in a dispute with a bus conductor. He was then detained by the public security organ of Beijing's Haidian District and was attacked by the security officers with electric batons. Yan later brought an administrative suit against the public security office, demanding that the public security organ be charged with such illegal behavior.

The letter of appeal pointed out that if a deputy to the people's congress could be treated in such a rude way, then ordinary people would be less protected. The letter of appeal supported Yan Zhengxue's suit and demanded that the authorities act in accordance with the laws and that the law courts try cases independently and affix responsibility to those who should be blamed. The signatories will continue to pay close attention to the development of the event.

The petition was caused by a dispute between the police and civilians and it was on the largest scale since the 4 June incident. The petition signatories included scholars, artists, reporters, lawyers, workers, cadres, members of the provincial people's congress standing committee, and ordinary people. Such prodemocracy activists as Wang Dan, Liu Xiaobo, and "Peace Charter" members Liu Nianchun and Zhou Guoqiang also signed the letter.

The appeal letter was drafted in August 1993 but, as the drafters said, in order to prevent further complicating the event, they did not make it public. However, as the authorities did not take action to correct the wrong, and

even continued to threaten Yan, they were forced to make public the letter and submit it to the National People's Congress Standing Committee, the Supreme People's Court, and the Supreme People's Procuratorate.

'Charter' Signatories Criticize Qin Yongmin Arrest*HK2801034294 Hong Kong LIEN HO PAO in Chinese
28 Jan 94 p 9*

[By reporter Teng Mei-ling (6772 5019 3781): "'Peace Charter' Signatories Issue Statement Demanding Qin Yongmin's Release and Abolition of Reeducation-Through-Labor"]

[Text] Qin Yongmin, "Peace Charter" drafter, was recently sentenced by the mainland authorities to two years' reeducation-through-labor on a charge of "disturbing public order and security." The other 11 signatories of the "Peace Charter" yesterday issued a statement, denouncing the authorities for violating the civil rights of the people on the mainland as specified by the mainland Constitution and trampling on the mainland citizens' freedom of speech and assembly. Yang Zhou, one of the signatories, said that while telling the outside world that they were going to release prisoners, the mainland authorities continued to pass reeducation-through-labor sentences, showing that their deeds did not match their words.

In yesterday's statement, the "Peace Charter" signatories stressed that the action by the mainland authorities was one of trampling upon and mocking the mainland Constitution. The statement strongly demanded that the authorities release Qin Yongmin and abolish the reeducation-through-labor system. The main points of the statement are as follows:

1. The contents of the "Peace Charter" did not go beyond the limits allowed by China's current laws and regulations. Chinese citizens have the right to make proposals on the state system within the limits allowed by the Constitution. The persecution of the "Peace Charter" drafters in any form is to rudely trample upon and ruthlessly mock the laws in our country.
2. The purpose of the "Peace Charter" was to promote peaceful changes. Democratic politics and the protection of human rights represent the world trend. We shall never give up our position and ideals and shall never yield to any pressure, even if this means that we lose our personal freedom and lives.
3. We strongly demand that the authorities release Qin Yongmin and guarantee that they will no longer violate the legal rights of the citizens in any form. In view of the similar unfortunate experience of such democracy champions as Qi Dashan, Zhang Xianliang, and Fu Shenqi, we call for: The immediate abolition of the reeducation-through-labor system and the detention-for-investigation system, which go against the existing criminal law in

our country; and for stripping the administrative institutions of the illegal power to deprive citizens of their personal freedom without trial by the judicial organs.

Yesterday, when answering reporters' inquiries, Yang Zhou said that the action by the authorities had aroused indignation among the people and he also felt that the action by the authorities was extremely ridiculous. He said that the "Peace Charter" was aimed at peace but it had been treated violently by the authorities and he felt that this was rather ironic. He added that the authorities sentenced Qin Yongmin without trial and this was not the sort of behavior expected of the state in a country exercising rule of law, thus it crushed the people's hopes.

In addition, Lo Hoi-sing, who was jailed on counterrevolutionary charges in the 1989 prodemocracy movement, said yesterday: Although the mainland authorities have made concessions on the human rights issue to the United States and indicated that they would release some prodemocracy activists, their basic attitude toward human rights and the prodemocracy movement has not changed because, when talking about the releases, the mainland authorities continued to arrest prodemocracy activists and sentence them to imprisonment. The action against Qin Yongmin was a good example. He held that as long as the "old man" who held the paramount power in the Chinese mainland continued to regard the prodemocracy movement as an unstable factor, the mainland authorities will never change this point of view.

Li Ruihuan on United Front, Theoretical Study

OW2701141594 Beijing XINHUA Domestic Service in Chinese 1232 GMT 22 Jan 94

[By RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976), Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), and XINHUA reporter He Ping (0149 1627)]

[Text] Beijing, 22 Jan (XINHUA)—Speaking at a theoretical course attended by leading cadres of democratic parties, the All China Federation of Industry and Commerce, and people without party affiliation, which closed on 22 January, Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], noted: Building socialism with Chinese characteristics is the greatest common ground of contemporary Chinese people, and Comrade Deng Xiaoping's theory on the united front in the new period is the newest fruit of Marxism. He stressed: In studying the theory of building socialism with Chinese characteristics, it is necessary to persistently integrate theory with practice, pay attention to investigating new problems, and sum up new experience.

The ceremony for completion of the course, presided over by Hu Jintao, member of the Standing Committee of the CPC Central Committee Political Bureau and president of the Central Party School, was held at

Huaren Hall in Zhongnanhai this afternoon. During the 3-week study course, comrades have systematically studied Volume 3 of the "Selected Works of Deng Xiaoping," discussed it in line with reality, and heard a report on the current economic situation presented by Zhu Rongji, member of the Standing Committee of the CPC Central Committee Political Bureau and vice premier.

At the ceremony, Wan Guoquan, executive vice chairman of the Central Committee of the China Democratic National Construction Association [CDNCA], who also attended the study course, gave a briefing on the studies and discussions during the course. Wang Yiming, deputy director of the State Bureau of Technology Supervision; He Luli, vice chairwoman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang and vice mayor of Beijing Municipality; Lu Ming, vice chairman of the CDNCA Central Committee and vice governor of Gansu Province; and Zhao Weizhi, vice chairman of the Central Committee of the Jiusan Society, successively talked about what they had learned in the course. They summed up their rewards from participating in it, saying: "This study at the beginning of the year will drive us forward throughout the year and benefit our whole lives." They maintained: The political basis of the system of multi-party cooperation and political consultation under the leadership of the CPC is the supporting and upholding of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line. As close and friendly parties with the CPC, the democratic parties and the CPC have treated each other with sincerity, and have shared weal and woe. Only on the basis of this greatest common ground can they participate in the administration and discussion of state affairs, and constantly push the cause of the united front forward.

Having heard the remarks of course members, Li Ruihuan said: The common ground is the basis of unity and unification, the goal of joint struggle, and the norm of standardized behavior. The day of the extensive formation of this common ground is the day when the people's cause advances triumphantly. After reviewing the historical process of the new democratic revolution and the construction of socialism, he pointed out: Building socialism with Chinese characteristics is the hard-earned common ground of contemporary Chinese people. As an important member of the CPC's first-generation central leading collective and the nucleus of the second-generation central leading collective, Comrade Deng Xiaoping relied on his rich experience, extraordinary wisdom, and outstanding courage and resourcefulness as well as his historical position to integrate the basic tenets of Marxism with the newly-developed situation of today; to correctly sum up historical experiences; pool the creativeness of the people; and thus put forward the theory of building socialism with Chinese characteristics. In compliance with this theory, the Chinese people advanced bravely to bring about a tremendous change in China's appearance; to maintain

high economic growth; markedly improve their living standards; increase overall national strength by the day; constantly promote China's international position; and steadily proceed with the great cause of national reunification over the past decade or so, despite many difficulties in their progress and the changeable international situation. This is obvious to all and universally acknowledged. The Chinese people have the profound personal understanding that they have benefited from these facts. It is an historical inevitability that building socialism with Chinese characteristics will become the greatest common ground of the Chinese people.

Li Ruihuan said: The united front is a unity of similarities and dissimilarities. The greatest and most important similarity among the Chinese people today is building socialism with Chinese characteristics. This similarity is, namely, the common ground. Only by recognizing and adhering to this common ground can the united front retain its soul, and keep consolidating and expanding. By adhering to this common ground, we can "keep vigilance against right deviation"—right deviation means disregarding socialism and deviating from the socialist course; we can also "guard against 'left' deviation" by adhering to this common ground—"left' deviation means denying Chinese characteristics, ignoring the development of the times, and sticking to some outdated and even seriously distorted concepts. Only by thoroughly grasping and correctly understanding the essence and gist of building socialism with Chinese characteristics can we constantly enhance and scrupulously abide by the steadfastness of this common ground; and, on the basis of this greatest common ground, better promote and expand the cause of the united front, unite more people, and further diversify ways and methods of work, so as to make greater contributions to the revitalization of China and the reunification of the motherland.

He continued: Volume 3 of the *Selected Works of Deng Xiaoping* is the concentrated exposition of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. It has comprehensively, correctly, and vividly addressed Comrade Deng Xiaoping's methods to recognize a series of important problems in the cause of building socialism with Chinese characteristics, his ideological viewpoints, and the threads of thought that form these viewpoints. The book is the best teaching material and a powerful weapon for positively, correctly, and comprehensively following through with the party's basic line. Mastering this book is not only the CPC's fundamental measure to strengthen the construction of ideological theory, but also an important way to launch self-education in the patriotic united front and enhance the common ground.

Li Ruihuan said: Since the Third Plenary Session of the 11th CPC Central Committee was held, Comrade Deng Xiaoping has led the CPC to bring order out of chaos and brought about a great historical change. He has established the ideological line of emancipating the mind and

seeking truth from facts; corrected the erroneous principle of "taking class struggle as the key link"; accomplished the strategic shift in the CPC and state's work emphasis; launched the great cause of reform and opening up; made the decision to build a socialist market economic system; set the goals that reform of the political system must proceed in line with reform of the economic system and that a socialist democracy be established; stressed the need to uphold the party's basic line and that will not waver in it for 100 hundred years; put forward the criterion of "conducive to three causes" [conducive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country, and improving the people's living standards]; defined the form of coexistence of various forms of ownership with public ownership as the dominating force; expounded the viewpoint that science and technology constitute a primary productive force; affirmed that intellectuals are a part of the working class; created the magnificent idea of "peaceful reunification; one country, two systems," and others. This series of new ideas, theses, and summings-up are general political principles of vital importance to the overall situation, which generally sweep away the dense fog around the cause of China's socialist construction and point out the navigation route. In the meantime, all of these expositions are closely related to the united front; they constitute an overall background for the united front in the new era and produce a very far-reaching influence on the quality, scope, targets, missions, role, and methods of the united front's work. Conforming to the situation and needs of reform, opening up, and the modernization drive in the new era, Comrade Deng Xiaoping also proposed a series of viewpoints, principles, and policies with the features of this era on united front work, adding brand-new contents to the CPC's treasure house of theory on the united front. For example, the viewpoint that the united front has developed into the most extensive league of the entire socialist laborers and patriots who support socialism and the reunification of the motherland; the viewpoint that a broad scope of the united front, instead of a narrow one, is appropriate and favorable; the viewpoint that multi-party cooperation under CPC leadership is a feature and advantage of China's political system, and that in a leading and ruling position in the state's political life, the CPC should all the more solicit and accept criticism and supervision from all aspects, including democratic parties; the viewpoint that the CPPCC is an important organization for consolidating and expanding China's patriotic united front as well as an important form of China's political system in demonstrating socialist democracy, and others. In short, Comrade Deng Xiaoping has adhered to Comrade Mao Zedong's correct views on the united front. He has provided supplements to inadequate areas and implemented things which could not be done. He has also corrected some mistakes and put forward a series of viewpoints never mentioned by Comrade Mao Zedong according to the new situation. Comrade Deng Xiaoping's exposition on the united front work in the new period is an important component part of the theory

of building socialism with Chinese characteristics, and is also a great invention of integrating the basic theory of Marxism-Leninism and Mao Zedong Thought for the united front work with China's present actual situation. It has an extremely important guiding significance to our doing a good job in the united front work in the new period and developing and perfecting the system of multiparty cooperation under the leadership of the CPC and the political consultative system.

Li Ruihuan emphatically pointed out: Our study of the theory of building socialism with Chinese characteristics is not for showing, but is to have a good grasp of this sharp weapon to solve actual problems in reform, opening up, and the modernization drive. Only by firmly combining theory with practice can we increase our interest, study the theory in an intensive manner, and apply it permanently.

He said: When we stress the need to combine theory with practice, it does not mean we can pay no attention to studying books. However, we must study books in an intensive manner, study useful things, and study for the purpose of application. In studying the Marxist theory, leading cadres must first study Comrade Deng Xiaoping's works. The greatest feature of Comrade Deng Xiaoping's theory is that his theory is aimed at practical things. He never wrote an article for the purpose of writing something. Most of his articles are based on his research work and are aimed at solving conspicuous and actual problems in some fields during a specific period. His articles can explain the profound things in simple terms and can be read easily. His articles hold extremely profound truth with universal significance. However, to truly understand and grasp the essence of Comrade Deng Xiaoping's theory is not an easy thing. We must make great efforts to have a good grasp of the essence of his works.

He pointed out: Studying the new situation and summing up new experiences under the guidance of theory are to meet the need of our work, and are also very important ways to integrate theory with practice. At present, we are striving to establish a socialist market economic structure. This is a great social system engineering, which calls for carrying out profound transformation of our country's existing economic structure and necessary reform of certain inappropriate things in the superstructure. There are many problems which must be promptly solved in the course of transformation and reform, including both theoretical problems and problems in our actual work. Some problems can be considered as having been solved under past conditions, but they cannot be considered as having been solved in the new situation; some problems seem to have been solved theoretically, but they are out of line with practice; and some problems seem to be nonexistent in general terms, but they are still problems which must be solved if we study the situation in a deep-going manner. Therefore, we must study and sum up those problems in a penetrating way with the guidance of the theory of building socialism with Chinese characteristics. In a certain sense,

the course of establishing a socialist market economic structure is a course of study—practice—summing up experiences and restudy—practice again—summing up experiences again. It is a course of combining theory with practice to constantly deepen our understanding, to gradually improve our experiences, and to enhance our consciousness of work day by day. Meanwhile, it is also a course of constantly enriching and developing the theory of building socialism with Chinese characteristics. In the past, the CPC and various democratic parties worked with concerted efforts in good coordination. The theory and practice of the united front work have constantly been enriched and developed. In the future, we must inherit and carry forward this good tradition, create and sum up more new experiences, and jointly open up a new situation for the united front work.

Responsible persons of central committees of various democratic parties and nonparty personages including Fei Xiaotong, Lei Jieqiong, Cheng Siyuan, Li Peiyao, Wu Jieping, Cai Zimin, Jing Shuping, Fang Rongxin, and Yang Jike; Wang Zhaoguo, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and head of the United Front Department of the CPC Central Committee; and responsible comrades of propaganda, organization and united front work departments of the CPC Central Committee and the Central Party School attended the graduation ceremony.

Tian Jiyun Speaks at Conference on Deng Thought

OW2801062194 Beijing XINHUA Domestic Service in Chinese 1458 GMT 26 Jan 94

[By reporters Lu Baohong (4151 0202 4767) and Wang Dao (3769 6670)]

[Text] Shenzhen, 26 Jan (XINHUA)—On the occasion of the second anniversary of Comrade Deng Xiaoping's inspection tour of southern China, more than 100 well known experts and scholars gathered in Shenzhen to discuss Deng Xiaoping thought on socialist market economy [deng xiaoping shehuizhuyi shichang jingji sixiang 6772 1420 1627 4357 2585 00.1 5030 1579 1034 4842 3444 1835 1927].

Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice chairman of the National People's Congress Standing Committee, delivered a speech at the meeting. Li Lanqing, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, cabled his congratulations.

Tian Jiyun said: What is the fundamental reason that after 15 years of reform and opening up China has made great strides in successfully accomplishing its first phase strategic objective and is presently advancing toward the goal of being comfortably well off? My personal experience tells me that it boils down to one thing, namely, the results of reform and opening up and delegation of authority and invigoration carried out since the Third

Plenary Session of the 11th CPC Central Committee and carried out under the guidance of the theory of socialism with Chinese characteristics advanced by Comrade Xiaoping. Adherence to this idea is also crucial to continuing our triumphant advance and to realizing our second and even third phase strategic objectives. We must fully understand that the transformation to a market economy [xiang shichang jingji zhuanbian] is an extremely arduous process; difficulties, obstructions, and complications will be unavoidable. We must take note of and cherish the initiative of the central and local governments, all trades and professions, and the broad masses of cadres and people, which we had a hard time arousing over the past dozen years. He pointed out: We should follow the course set for us by Comrade Xiaoping, making the transformation to a socialist market economy, and in a down-to-earth manner, working steadily and making solid progress, strive to build socialism with Chinese characteristics.

In his congratulatory telegram, Li Lanqing, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, said: I hope that this conference will contribute to deepening the study and understanding of Comrade Xiaoping's theory on building socialism with Chinese characteristics and to further carrying out the decision of the Third Plenary Session of the 14th CPC Central Committee, and that it will play a positive role in deepening reform and promoting development.

This conference was jointly sponsored and convened by the China Market Economy Association, the Guangdong Provincial Federation of Societies for Social Sciences, and the Shenzhen Municipal CPC Committee. Wang Jue, chairman of the China Market Economy Association, presided over the conference. The experts and scholars in attendance held lively discussions on thoroughly understanding and earnestly carrying out Comrade Xiaoping's thought on socialist market economy.

Li Guixian Inspects Disaster Situation in Shandong

SK2801002394 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 26 Jan 94

[Text] Entrusted by the CPC Central Committee and the State Council, Li Guixian, state councillor, and nine other persons arrived in Jinan on the afternoon of 25 January to inspect and guide the province's disaster relief work and to go into disaster areas to express sympathy and solicitude for the masses. On behalf of the provincial party committee and the provincial government, Jiang Chunyun, secretary of the provincial party committee, and Zhao Zhihao, governor of the province, expressed thanks for the concern of the CPC Central Committee and the State Council.

On the morning of 26 January, Li Guixian listened to a report on the province's situation in combating floods and providing disaster relief. Last summer, the province was hit by catastrophic floods and waterlogging. Some

2.7 million people were besieged by floods, 600,000 people were left homeless, 2,800 mu of farmland were afflicted, and 12,000 enterprises were forced to stop production completely or for half the time, incurring 6.7 billion yuan in direct economic losses.

After the natural disasters, the CPC Central Committee and the State Council showed great concern for the province's work of combating floods and providing disaster relief and gave the province great support, thus greatly enhancing the people's confidence in overcoming difficulties, conquering natural disasters, and doing the provincial work well. Through the unity and struggle of the Army and the people across the province, the province has already won a decisive victory in the work of combating floods and providing disaster relief.

When Li Guixian and his party arrived in Jinan, Vice Governor Zhang Ruifeng met them at the station.

CPPCC Subcommittee Hosts Spring Festival Reception

OW2701132494 Beijing XINHUA in English 1247 GMT 27 Jan 94

[Text] Beijing, January 27 (XINHUA)—The Foreign Affairs Subcommittee of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) hosted a reception here today to celebrate the Spring Festival, the first day of China's Lunar New Year, which will fall on February 10.

Among 400 Chinese and foreign guests present at the reception were Ye Xuanping, Wu Xueqian, Wang Zhaoqun and Sun Fuling, vice-chairmen of the CPPCC National Committee, as well as foreign envoys in Beijing.

Vice-Chairman Wu proposed a toast, saying that the CPPCC, taking promotion of world peace and development as its responsibility, would like to develop friendly relations with all peoples in the world.

Wu said that the CPPCC had made a new and important step in its exchanges with foreign countries through its Chairman Li Ruihuan's visits to Pakistan, India and Nepal last year.

In the new year, Wu said, the CPPCC, on the basis of the five principles of peaceful coexistence, will continue to develop its friendly ties with all countries in the world and expand its contacts in a bid to make more friends.

National Organization Affairs Meeting Ends

OW2701135194 Beijing XINHUA Domestic Service in Chinese 0953 GMT 26 Jan 94

[Text] Beijing, 26 Jan (XINHUA)—The national conference of heads of organization departments—which ended today—pointed out that, in 1994, organization affairs must keep pace with the new situation; and

organization leaders at all levels must continue to emancipate their minds, seek truth from facts, strive to improve their skills in leading socialist market economy and their ability to resolve their own problems, build stronger grass-roots party organizations, and intensify efforts for educating and managing party members so the endeavors of deepening reform, opening wider to the outside world, expediting development, and maintaining stability can be ensured organizationally.

Addressing the meeting, Zhang Quanjing, executive deputy head of the CPC Central Committee Organization Department, stressed the need to earnestly accomplish the assignment put forth by the 14th national party congress to arm all party members with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. He said: County-level and higher ranking leaders must be more aware of the need to study the theory and properly handle the relationship between their work and study, and between leading economic construction and leading ideological construction. They must set aside more time for study, take part in fewer parties [shao yi dian ying chou 1421 0001 7820 2019 6804], and make greater efforts to improve their theoretical proficiency. Currently we should combine the study of Volume 3 of the *Selected Works of Deng Xiaoping* with the study of the decision of the Third Plenary Session of the 14th CPC Central Committee, and consider whether we can actively implement the central authorities' measures for reform, and properly handle the relationship among reform, development, and stability as an important criterion for examining whether or not our study is successful.

Zhang Quanjing pointed out: We must build stronger leading bodies, focusing on their political awareness and conduct. Members of leading bodies at all levels must continue to heighten their awareness of enforcing democratic centralism, and they must properly handle the relationships between partial and overall, local and central, and immediate and long-range interests. They must strictly enforce orders and prohibitions, firmly safeguard the Central Committee's authority, and make sure that all its decisions and measures for reform are successfully carried out. While heightening their political awareness and improving their conduct, leading bodies must also fight corruption and perform their duties more ethically and diligently. To guard against irregularities in selecting and using personnel, we must uphold the principle that our cadres must be more revolutionary, better educated, younger in average age, and professionally more competent; and that our cadres must have both political integrity and capability.

Zhang Quanjing said: We must strive to do a good job in training, educating, and selecting middle-age and young cadres. We must do a good job in bringing up and selecting cadres to become top leaders of party and government departments. Party committees and organization departments at all levels must pay attention to finding candidates with good qualities, and especially great potential for growth; train them hard, and create

for them the conditions with which they can mature after being tempered in all respects. We must truly emancipate our minds, change our mindsets, and select people—especially young people—who are commonly acknowledged to have performed remarkably in upholding the line of reform and opening up, and people who are able to lead socialist market economy. To create the mentality and institution favorable for young talents to come to the fore, we must break the bondage of outmoded conventional ideas, especially ideas that emphasize seniority, and ideas that people to be used must be perfect in every way.

Speaking on building stronger grass-roots party organizations, Zhang Quanjing said: As for party organizations in state-owned enterprises and foreign-invested enterprises, our main responsibility is to make sure they are properly established, to supervise and inspect their operations, and to sum up and popularize typical experiences. As for grass-roots party organizations in rural areas, priority should be given to tightening up the regressive party branches. We should study how to build stronger party organizations while establishing a modern enterprise system; intensify the study of establishing party organizations in township and town enterprises; and actively study how to establish party organizations in enterprise groups, incorporated enterprises, and private enterprises, and how these organizations can play their parts effectively.

Zhang Quanjing noted that great efforts must be made in reforming the personnel system governing the use of cadres. He said: Currently and in the time to come, the personnel system will be restructured comprehensively, instead of achieving breakthroughs in some particular respects. The basic assignment is that, under the premise that cadres are placed under the management of the party, we will gradually establish a scientific system of managing cadres—a system under which cadres are graded and categorized, qualified personnel are used through open and equal competition, cadres' performance will be scientifically evaluated, awards and penalties will be given justly, cadres will be encouraged to move up or move down, human resources will be allocated rationally, the flow of cadres will proceed in an orderly manner, cadres are subjected to supervision and restraint, and cadres will be given all kinds of training at various levels and through various channels. Zhang Quanjing stressed: This year, organization departments should make new strides in taking active part in guiding the implementation of the state's civil service system, in expediting the process of managing cadres according to their different specializations, in making the management of cadres even more democratic, in promoting exchange among cadres, and in intensifying the supervision over cadres.

Lu Feng, head of the CPC Central Committee Organization Department, chaired the conference. He also addressed the meeting before it closed. Present at the meeting were heads of organization departments under party committees of various provinces, autonomous

regions, and municipalities directly under the Central Government's jurisdiction; heads of organization departments under the party committees of municipalities authorized to have independent economic planning, and party committees of some provincial seats; heads of organization departments of work committees for organs under the Central Committee and work committees for central government organs; and persons in charge of the cadres' affairs department and the organization department of the General Political Department of the People's Liberation Army and the Political Department of the National Armed Police Corps.

Reform in Personnel Work Discussed

HK2601141094 Beijing LIAOWANG in Chinese No 2, 10 Jan 94 pp 4-6

[By staff reporter Tang Hua (3282 5478): "Song Defu (1345 1795 4395) Speaks About New Thoughts on Reform of State Personnel Work"]

[Text] Can the public service system be brought onto track and put into operation? What major reform movements are there in the personnel system of enterprises and public undertakings? When will the reform plan of the new wage system be put into effect? How will reform of the social insurance system for government organizations and public undertakings get started? Can the flow of human resources be "released, but in good order, and be full of vigor, but not chaotic"? How will government personnel management move toward legalization?....

At the meeting of personnel department and bureau directors held before the end of last year, Personnel Minister Song Defu gave a LIAOWANG staff reporter a special interview on the above issues of social concern.

Song Defu unfolded his talk on building a personnel management system complementary to the system of a socialist market economy; that is, a classified management personnel system, a scientific and rational wage distribution system, a multilevel social insurance system and macroeconomic personnel management system, a human resources market system, and a personnel rules and regulation system, which are new thoughts on reform of state personnel work.

I. 1994: To Create A Good Beginning for Carrying Out the State Public Service System

Song Defu spoke about carrying out—from making experiments to gradually spreading out—the state public service system against the particular background of government organizational reform and personnel reduction. He did not conceal that corresponding complementary regulations were still lacking, and that the rate of progress varied. Moreover, the efforts made on publicity were inadequate, which led to insufficient social understanding. For example, some people equated carrying out the public service system with wage reform.

To ensure bringing the public service system onto track and putting it into operation, it is necessary to carry forward in an overall manner and stress the main points in implementation in 1994. Song Defu spoke about putting forward the following different requirements according to the deployment by the CPC Central Committee and the State Council:

On the basis of organizational reform, various departments of the State Council and most of the provincial level departments and the municipal departments whose plans are listed separately, have initially built up the state public service system, and have completed the transition from existing personnel to public servants. Moreover, some county and city governments have acquired experimental experiences in building the public service system.

Organizations that have not carried out organizational reform, except positions set-up and nonleading posts arrangement and other work, are required to implement the "Provisions Regarding the State Public Servants" by merging with the practical situation of personnel work, so as to lay a good foundation for building the public service system.

Whether or not organizational reform has been carried out, a mechanism of openness, equality, and encouragement of competition should be built up gradually, and open examination and strict check-ups should be carried out to select the best for employing nonleading personnel below the position of section chief.

The public service system being of immediate concern to the broad masses of government personnel, Song Defu emphasized: "It is necessary to do good work and take organization and implementation seriously. How can we determine in advance the scope of implementation? The implementation of the new wage system appears to be most pressing. This involves whether an organization is following the wage system of government organizations or that of public undertakings. It is necessary to take the functions of an organization as the basis, and uphold separating the functions of government and enterprises, and separating those of government and public undertakings. Due to reasons of set-up and establishment, if it is difficult to determine for the time being the nature of an organization, it may be temporarily excluded from the scope of carrying out the public service system."

Song Defu raised the point that in organizational reform, personnel diversion should be combined with restructuring government personnel, and that a rational proportion of various levels of personnel should be maintained. If those diverted are ordinary working staff or young personnel, and those who should stay are leading members or elderly, then it would be very difficult for the public service structure to be rational.

The job of improving the rules and regulations of the state public service system is being done intensely. Song Defu declared: "We will strive to promulgate as soon as

possible 'Methods for Implementation of the Classification of Posts for State Public Servants', 'Temporary Regulations on the Employment of State Public Servants', 'Temporary Regulations on the Assessment of State Public Servants', and grasp firmly the work of investigation and study and drafting of temporary regulations for awards, training, promotion and demotion, appointment and dismissal, and retirement."

II. Public Undertakings: "Separation, Classification, Decentralization of Power, and Reinvigoration" Enterprises: Gradually Build Up the Personnel System of Modern Enterprises

Speaking about the reform of the personnel system of public undertakings, which are varied and complicated, Song Defu clearly pointed out: "Public undertakings, as relatively independent entities with corporate qualifications, require corresponding personnel decisionmaking power. At present, major reform moves of the personnel system of public undertakings include:"

"Further reform the system of appointment and selection, adopt multiple forms for selecting and appointing administrative leading personnel of public undertakings, and experiments can be made in organizations with conditions for selecting leading members by public bidding."

"The clerk system will be gradually carried out for managerial staff and a specialized technological post appointment system will be gradually carried out for specialized technological personnel."

To reduce the state's financial burdens, it is necessary to reduce the number of public undertakings and people that eat "the emperor's grain." For public undertakings that get appropriations, it is necessary to introduce the mechanism of competition, encouragement, and risks, and to transition to revenue and expenditure by themselves. For public undertakings that are fully responsible for expenses by themselves, it is necessary to encourage them to carry out enterprise management, and make experiments on linking work with efficiency.

For personnel of public undertakings that get full appropriations, such as those engaged in basic theoretical research, high-tech research, and secondary and primary schools, experiments should be made to be responsible for gross wages until the task is completed; that is, for over-strength, there will be no increase in gross wages, and for vacancies, there will be no decrease, so as to make the contingent capable and highly efficient. It is necessary to create an environment which enables outstanding talents to show themselves, and to train and bring up a contingent of academic and technological leaders that meet the needs of China's modernization program and are capable of entering the world's scientific and technological forward position.

The pace of reform of the enterprise personnel system is being quickened to meet the requirements for building the system of modern enterprises. Song Defu spoke

about carrying out the post appointment system for enterprises' managerial staff and specialized technological personnel. Enterprises enjoy the power of personnel management according to law, specialized technological personnel and managerial staff enjoy the right to choose their occupations according to law, and the rights and obligations relations of both parties are established by employment contract. Government personnel departments should protect the legitimate rights and interests of both parties.

Moreover, it is also necessary to study how to abolish gradually the bounds between cadres and workers within enterprises, between cadres of different ownership, and between different types (fixed, employed) of cadres, so as to build up a personnel mechanism that enables cadres to be able to work at higher as well as lower levels and to enter and leave government organizations, and a mechanism that facilitates two-way selection and rational flow, and to train and bring up a contingent of high-quality and occupational entrepreneurs.

Song Defu indicated that we should lose no time in solving the problem of separating the state-owned enterprise grades from administrative grades according to the principle of separating the functions of government and enterprises. In the future, no administrative grades will be fixed for newly built enterprises without exception, and the arrangement of their management personnel will be rationally determined according to the situation of the enterprises and their personnel conditions. Enterprises that originally had administrative grades should be separated from administrative grades, and no longer apply mechanically the administrative grades of the party and government organizations. Grades and treatments for various types of enterprise personnel should no longer be fixed in the light of the administrative grades of the party and government organizations. We are now making the best use of time to work out relevant methods for implementation and complementary management methods on listening to reports, reading documents, and taking part in meetings.

Song Defu recommended: "To coordinate with the building of a modern enterprises system, it is necessary to study working out the 'Provisions Regarding the Personnel Management of State-Owned Enterprises' and 'Temporary Methods for the Personnel Management of Joint Stock System Enterprises'."

III. The New Wage System: Onto the Track and in Normal Operation As Soon As Possible

After the reform plans and the three implementation methods of the new wage system of state organs and public undertakings have been transmitted to the lower levels, various localities and departments are paying close attention to working out specific suggestions for implementation. Song Defu said: "To my knowledge, leading comrades of the CPC Central Committee and the State Council attach great importance to and are much concerned about the current wage reform. In the present

wage system reform, the state has made great efforts for wage increases under difficult financial situations. It has brought the new wage system onto track and put it into operation by taking into consideration the interest relations of various aspects as best she can, and made gradual improvements. The starting point of the current wage system reform is to build up a corresponding wage system and a normal wage increase mechanism according to the respective characteristics of government organizations and public undertakings. The wages of public servants are determined and readjusted by the state according to the economic growth situation and referring to the average wage level of enterprises, and a normal mechanism for promotion and wages increase will be built up on that basis. Different management methods, wage system, and methods of distribution will be carried out for public undertakings according to the difference in the source of appropriations and the characteristics of trades.

How do we bring the wage system onto track and put it into operation? Song Defu reiterated that personnel departments at various levels should, according to the unified deployment by the central authorities, "Be active and safe, be strict and tight, and control total amounts." No locality or department will go their own way and muddle things up. Various localities and departments should strengthen ideological, political work, and do good turns meticulously to help the broad masses of the personnel of government organizations and public undertakings understand that the current wages reform is mainly to build up a new wage system, and to bring it onto track and put it into operation, so as to lay a good foundation for the future. We should understand that the state is very much concerned about the life of the staff and workers under difficult financial situation, and it is no easy job to take out so much money. We should understand that the problems accumulated in wage distribution are many, that it is impossible to have all of them overcome by the present one reform, and that it requires a process for gradual improvement.

IV. Social Insurance System of Government Organizations and Public Undertakings: The Easy Ones Come First and the Difficult Ones Later, Getting in Position Gradually

Speaking about the present delay in reform of the social insurance system of government organizations and public undertakings, Song Defu declared: "The job of reform is very difficult. Some localities and departments have not started yet, and those places that have built up the insurance system are confronted with many difficulties. The progress of reform of the social insurance system of government organizations and public undertakings is slow, and has become the 'bottleneck' constraining reform of the personnel system."

In carrying out the old-age and unemployment insurance system by overall social planning, Song Defu said: "Adhering to the principle of easy ones first and difficult ones later, first build up the old-age and unemployment

insurance system for contract-based workers of government organizations and public undertakings, and build up the old-age funds overall planning system. As for public undertakings, first start with those that are responsible for revenue and expenditure by themselves, and on the basis that the state continues to bear the expenses for personnel who have retired, explore the methods under which individuals are required to pay a part of the old-age pension to build up a part of the funds accumulation. It is necessary to study jointly with the financial departments about building a social insurance system of government organizations, especially that of state public servants." He stressed that the general principle for the raising and using of funds should be: "The rights, obligations, and compulsion are combined, and the state, organizations, and individuals share burdens. The administrative management of social insurance should be separated from the funds operation of social insurance."

The current reform of the social insurance system of government organizations and public undertakings adopts the policy of "making experiments actively, easy ones come first and difficult ones later, and get in position gradually." Song Defu pointed out clearly: "On the basis of the general principle of reform, it is allowed to take different methods for experiments, and a certain difference is allowed among various localities. A number of different types of organizations should be selected for experiments in a planned way. In addition, make the best use of time to study and work out regulations on old-age insurance."

V. The Human Resources Market: Rational Flow, Rational Disposition, and Rational Use of Various Types of Personnel Are Allowed As Much As Possible

Against the background of increases in the demand for human resources, the contradiction between shortage and idle human resources has become increasingly acute. Talking about the thoughts on building and improving the human resources market system, Song Defu put forward "five changes": Change from human resources lying idle and shortages to market flow, making up the other's deficiency from one's own surplus, and rational disposition; change from organization and department ownership of human resources to social ownership, rational flow, and helping supply each other's needs; change from one-way selection to two-way selection of human resources flow; change from "fair market" to "location market" of human resources flow; change from the human resources disposition model of "overall assignment and disposition" to the model of bringing into play the basic role of human resources market in human resources disposition under the state macroeconomic management.

Song Defu said that we should use human resources flow in handling circulation. To provide an opportunity for two-way selection we should minimize intermediate links as best we can. Pay close attention to working out

and improving relevant policies and rules and regulations on the human resources market, make the best use of time in 1994 to transmit to lower levels the "Opinions on Speeding Up the Training and Development of Human Resources Market," and promulgate the "Temporary Regulations on Arbitration of Disputes Arising From Human Resources Flow." Protect the legitimate rights and interests of the employers' organizations and individuals so as to enable the human resources market to operate in an orderly manner within the scope of law. On the basis of human resources flow under existing personnel departments, gradually build up a regular human resources market and a nationwide human resources supply and demand information network to provide more timely, speedy, and richer information for organizations to select personnel and for individuals to choose their occupations.

In policy guidance of human resources flow, Song Defu emphasized guidance and preferential measures toward the needs of the state's key projects and outlying and difficult districts where conditions are hard. It is necessary to take feasible measures to encourage human resources to stay in outlying and difficult districts, and the state should render appropriate support and protection in policy. It is necessary to explore through concerted efforts a new way of encouraging human resources to stay in outlying and difficult districts and of importing them. And it is also necessary to strengthen management and supervision over the human resources market.

Song Defu finally stressed: "All of the five major links for building the basic framework of the system of a socialist market economy put forward by the Third Plenary Session of the 14th CPC Congress are directly related to personnel work. For example, to build up a modern enterprises system, we are held responsible for the reform of the enterprise personnel system. To build up a unified and open market system, we are held responsible for training, building, and improving the human resources market. In transforming government functions, we have to study organizational reform jointly with departments concerned, and have the task of transforming functions. In wage distribution, we undertake the task of reforming the wage system of government organizations and public undertakings. To build up a social insurance system, we are held responsible for the job of building up a social insurance system of government organizations and public undertakings. Personnel departments at various levels should enhance their sense of responsibility and continue studying the new situation with thoughts on reform, and solving new problems by the methods of reform.

Security Ministry Completes Research on Criminal Trends

OW2801085494 Beijing XINHUA in English 0812
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—A thorough report on crime in China during the present period, one

of the country's key national research projects in science and technology, has just been completed.

This was learned today from the Ministry of Public Security.

The 5-million-word research report offers "systematic and thorough analysis and discussions" on the overall situation, causes and trends of current crime in China, and introduces new tactics to curb them, said a ministry spokesman.

A committee consisting of a dozen political and legal experts in the country and 20 provincial representatives met in Beijing today to assess this research result.

The spokesman said that more than 1,000 experts conducted investigations in 20 provinces for three years, with some 10,000 criminal cases and 300 police sub-stations surveyed.

Through this research, according to the spokesman, China has established a computer system to collect, process, store and consult on criminal information.

Some special research institutions and other academic bodies on crime have also been set up.

"This research is of great value for fighting against crime and promoting China's criminology theories," said Vice-Minister Bai Jingfu at the symposium.

A large number of personnel have been trained in this research, and some have become experts in research, education and public security work.

Radio Program Discusses Occurrences of AIDS

OW2701132694 Beijing China Radio International in
English to Western North America 0400 GMT
24 Jan 94

[From the "Listeners's Letterbox" program]

[Text] Cynthia Khan writes us from east Africa. She is working with the British medical team in east Africa and wants to know about the AIDS situation in China and how the Chinese Government is dealing with the problem.

Well, Cynthia, AIDS has become a global problem. Since the first case was found in the United States in 1981, the disease has quickly spread throughout the world, killing hundreds of thousands of people, and China is not immune to the spread of AIDS.

The first HIV-infection case in China was reported in 1985 in the country's eastern province of Zhejiang. Four children who had hemophilia contracted the HIV virus because of contaminated blood used in transfusions. The blood plasma was imported from abroad. The Chinese Government banned the import of plasma immediately after that case. Additional HIV infections were found among intravenous drug users in the southern border province of Yunnan in 1989. Since then, China has

identified more than 1,150 cases of HIV carriers, and 19 people have become afflicted with full-blown AIDS. At present, 85 percent of those infected with the AIDS virus in China are intravenous drug users. The border area with Laos, Vietnam, and Cambodia is the most infected area because of its long history of opium trade and drug abuse. This area is still backward economically and far from urban areas. Transportation is limited. Radio and television sets, which can be used to warn people about the dangers of contracting AIDS, are rare, and medical service is not always available. In addition, cultural habits are responsible for some of the infections, as the local Dai and Jingpo ethnic groups believe opium is a cure for headache and diarrhea.

Planting and processing opium is banned by the government, but it is difficult for the small police force in the area to eliminate the illegal practice when the villagers plant opium in very small fields in the dense forests. Another problem is the shortage of needles, forcing many of the drug users to share needles. This causes the disease to spread even faster.

The Chinese Government has set up a clinic in Yunnan to monitor AIDS cases and educate the public about the dangers. But getting the information out is very difficult. Zhu Wei is working as a researcher with the AIDS surveillance center under the China Academy of Preventive Medicine. He has worked with the local teams in Yunnan Province.

[Begin recording; Zhu Wei is briefly heard, speaking in Mandarin, fading into English translation] The local people know little about disease that is threatening their lives. When talking with them, we need interpreters in Dai and Jingpo languages, because these people do not speak Mandarin, and most of them do not know how to read and write. The only thing they care about seems to be drugs. Every year the AIDS surveillance center sends a number of researchers to Yunnan to help with the local work and get firsthand information. I went to Yunnan last year. A lot of local medical workers who know the languages and have knowledge of AIDS went to every family with us, explaining the fatal disease to them. We put up a poster warning about the danger of AIDS in the villages. We paid special attention to the families that already had AIDS patients or HIV carriers. We talked to the family members on how to protect themselves from being affected. And now and then, the local medical workers visit these families to see how things go on. [end recording]

Though drug users make up the majority of AIDS victims in China, they are not the most dangerous factors of the spreading of AIDS in the country. Medical experts say the most dangerous factor is promiscuous sexual activity. For more than three decades after the founding of the PRC, Chinese successfully protected themselves against venereal diseases. However, while the opening and reform programs that began in the 1980's have brought prosperity to the country, they have also caused dramatic changes in people's ideas about morality and

sex. Cases of prostitution are increasingly rapidly every year. The number of people who have sexual partners outside marriage is increasing, and sexual activity among young people and teenagers is now occurring much earlier. The number of venereal disease cases has increased dramatically. In 1991, sexually transmission accounted for 10 percent of the total number of HIV cases. In 1992 it was 20 percent. The rate is still growing.

Another high risk group is homosexuals. The first five victims in the world were all homosexuals, and in California, United States, 90 percent of HIV infections are found in gays. Even though right now only a small fraction of Chinese homosexuals are confirmed HIV carriers, medical carriers warn they are a prime target for the disease [as heard]. Influenced by Chinese traditions, most of these people have a normal family, but have unsafe sexual practices outside their family secretly. They, therefore, risk spreading the disease to their family who may not know there is a homosexual in their family.

The AIDS problem has caught the attention of the Chinese Government. In March 1993, the Ministry of Public Health held a conference on AIDS protection and cure in the city of Haikou in the southern island province of Hainan. The conference dealt with AIDS surveillance, management of HIV carriers, HIV test-kits, as well as public education on sexually transmitted diseases and AIDS. It was decided at the conference that all donated blood will be screened in the future, and more physicians will be trained in the clinical diagnosis of HIV infections. The conference also called on all medical personnel to do more research on AIDS treatment and on developing testing methods which are both effective and inexpensive. Qian Chunqiao, an expert on the disease, is also working with AIDS surveillance.

[Begin recording; Zhu Wei is briefly heard, speaking in Mandarin, fading into English translation] The government has allocated quite a number of funds for AIDS prevention and research, but as far as AIDS medicines are concerned, China lags far behind such developed countries as the United States and some European countries. For one thing, we do not have as many funds and specialized medical researchers. Another thing is that AIDS has a relatively shorter history in China, and we lack experience. In recent years, some Chinese researchers have been trying to combine traditional Chinese medicines, such as herbal medicine and acupuncture, with Western methods in treating the disease. It is difficult to say what results may come up from this research because AIDS is a very complicated disease, and we still do not know many things about this disease. But I do not believe AIDS is incurable. Sooner or later, humanity will find a way to cure themselves of the disease. [end recording]

On 1 December last year, the world's AIDS Day, the Ministry of Public Health held a symposium in Beijing. Experts suggested that work in 1994 should be focused on education, making people aware of the importance of self-protection. The symposium also announced the

establishment of China's first special organization to cope with sexually transmitted diseases and AIDS. The China Association of Sexually Transmitted Diseases and AIDS Control and Prevention concentrated on AIDS and sexually transmitted diseases prevention and cure as well as information exchange.

Economic & Agricultural

Li Peng Addresses Food Supply Conference

OW2801012594 Beijing XINHUA Domestic Service in Chinese 1402 GMT 27 Jan 94

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Xu Yaozhong (1776 5069 0022)]

[Text] Beijing, 27 Jan (XINHUA)—In a speech at a national work conference on the "vegetable basket," grain, cotton, and edible oil, State Council Premier Li Peng stressed: The bounden duty of governments at all levels is to keep in mind the immediate and vital interests of the broad masses. Ours is a people's government, and the aim of the people's government is to serve the people wholeheartedly. He urged that governments at all levels make caring for the people and improving their living standards the first and most important task.

The two-day national work conference, convened by the State Council, closed in Beijing this afternoon.

Vice Premier Zhu Rongji presided over today's meeting.

Beijing Mayor Li Qiyang, Tianjin Mayor Zhang Lichang, Shanghai Mayor Huang Ju, Vice Mayor Jin Mingshi of Shenyang, and Vice Mayor Zhou Jianzhong of Chongqing spoke at the conference.

After hearing the speeches, Premier Li Peng said: The current situation of the production and market supply of farm products as a whole is good. We have reaped good harvests for several years in a row and have achieved notable results in the "vegetable basket" project. The total supply of farm produce, and food in particular, has become relatively abundant in China as compared with the chronic shortages of the past.

He said: Despite the excellent situation, fluctuations in the market prices of grain, oil, and sideline products occurred in some localities during a period from November last year. The problem has been caused by various factors, the most important of which, I believe, is our failure to thoroughly understand the continued need to exercise macroeconomic regulation and control over the market under the new situation arising from price decontrol. The purpose of the current conference is to achieve unity in thinking and understanding, and to draw on experiences and lessons for further solving the problem of making the "vegetable basket," grain, cotton, and edible oil work meet the requirements of a socialist market economic structure.

Premier Li Peng discussed questions in five aspects: 1) Caring for the people and improving their living standards is the first and most important task of governments at all levels; 2) ensuring a sufficient supply of goods and establishing a larger distribution and circulation pattern; 3) building up and managing markets well; 4) strictly enforcing macro-economic regulation and control; and 5) further implementing the mayor's responsibility system.

Li Peng said: In our historical advance toward becoming a modern socialist power, we should attach great importance to both feeding the people and economic construction, and properly handle the relationship between the two. Feeding the people, which means caring for and improving their life, is a major task of governments at all levels. We must bear in mind this major task in unifying our thinking and understanding, striving to do a good job in the "vegetable basket," grain, cotton, and edible oil work and ensuring ample supply and relatively stable prices in the market. He said: As current incomes of most rural and urban residents are still relatively low and food expenses are much higher than for other consumer goods, the prices of staple foods, including grain, oil, meat, and vegetables, can directly influence consumption standards. To effectively solve problems in the production and supply of vegetables, grain, cotton, and edible oil is a matter of grave importance, which should never be treated lightly.

Li Peng pointed out: This will be a year in which our country will take a giant step forward in instituting major reform measures. The successful implementation of these major reform measures has a bearing on whether the reform can succeed and on the sustained, rapid, and healthy development of the national economy. The smooth progress of reform requires that we maintain social stability and set people's minds at ease. We must make great efforts to maintain relatively stable commodity prices in the marketplace, particularly the prices of grain, edible oil, meat, vegetable, and eggs; and we must make great efforts to strengthen and develop the current social stability and unity; and correctly handle the relationship between reform and development on the one hand and stability on the other.

He said: In deepening reform, we must consider the interests of the masses of people in all strata, both in urban and rural areas. Our country's reform is compatible with the fundamental interests of the broadest masses of people. However, this does not mean that in the process of reform, every stratum and individual will receive equal interests and tangible benefits all at the same time. In light of this, in conducting our work, we must show particular concern about the masses of people who are not well-off or even have considerable difficulties in their daily lives at present. We must adopt effective measures to earnestly resolve the difficulties encountered by low-income people in their daily lives. Li Peng said: Thanks to the efforts of all quarters, the momentum of excessive increases in the prices of grain, edible oil, and nonstaple food in the preceding period is

now under control, and the prices have come down to some extent. We must take further steps to ensure that the high sales prices will continue to drop.

Li Peng pointed out: Developing production and enlivening circulation are basic conditions for maintaining an abundant supply of nonstaple food, grain, cotton, and edible oil in the market and for maintaining the relative stability of their prices. Developing production constitutes the foundation for ensuring the supply of nonstaple food, grain, cotton, and edible oil. We must mobilize the initiative of the peasants to carry out scientific farming and vigorously develop nonstaple food, grain, cotton, and edible oil production. He said: On the basis of a vigorously developed production, we must establish a big commodity circulation setup and an operating mechanism promoting overall balance, free flow of goods, and flexible operation. Governments in all localities must attach importance to the construction of transportation, storage, preservation, and other basic circulation facilities to facilitate the shipment of vegetables from the south to the north, and grain from the north to the south and from the central regions to the west. We must truly ensure the free flow of commodities and closely link production regions with marketing regions. Governments in all localities must take further steps to remove all kinds of obstacles to circulation and sternly crack down on gangsters and thugs in the transportation sector. Large and medium-sized cities must create conditions to attract out-of-town vegetable growers to market their produce in the city by ensuring their safety and fair trade.

Li Peng said: To do a good job in the production and supply of nonstaple food, grain, and edible oil, it is necessary to pay attention to market construction and the establishment of a network which combines agricultural produce markets, which center on wholesale markets, with retailers. This important experience was gained by some of the large and medium-sized cities which achieved results in building "vegetable basket" projects in recent years.

He said: Under the conditions of decontrolled operations, governments at all levels must pay particular attention to market management. Lifting control to enliven operations does not mean washing our hands of the operations. We must sternly crack down on illegal elements who manipulate the market, speculate or jack up prices, produce or sell substandard or fake merchandise, entrap people or swindle them, or commit other illegal acts. Industrial, commercial, public security, railway, and transportation departments must closely coordinate with each other to take concerted action and ensure a notable improvement in market order before the Spring Festival and maintain a good market order indefinitely.

Li Peng said: At present, the following three tasks should be grasped in the regulation and control of farm products in our country:

First, it is necessary to establish a reserve system of grain, oil, cotton, meat, vegetables, and sugar. Both the central and local authorities should strive to improve administration over the reserve system.

Second, it is necessary to establish a risk fund system for grain and sideline products. All subsidies from central and local authorities for grain, meat, and vegetables should be used for the establishment of the risk fund system. Moreover, more capital should be raised from other sources for the purpose of expanding the system to an appropriate scale.

Third, it is necessary to establish a monitoring system for the farm products market and improve the farm products information network. In this way, the government will be to rely on scientific information provided by them to make decisions on the implementation of macroeconomic regulation and control.

Li Peng said: It is been stressed many times that the "vegetable basket project" should be undertaken by various localities, especially by the governments of large and medium cities, through the implementation of a mayoral responsibility system. Ensuring the people's livelihood needs is the primary function of mayors and is most important for stabilizing the overall situation. This should be included as a target for the personal responsibility system for mayors, and evaluations should be conducted each year. The results of the evaluation should be reported to the city people's congress and the city's people.

He said: How can a mayor successfully carry out the "vegetable basket" task? The most important thing for a mayor to do is to ensure a balance between supply and demand in nonstaple foods. All big and medium cities should be responsible for maintaining an overall balance between supply and demand. Under no circumstances should they wait until there are problems before attempting to achieve a balance between supply and demand. If that happens, the loss will be colossal. It is necessary to ensure sufficient land for growing vegetables and to strictly stop the practice of using vegetable land for other purposes. Without vegetable farms, there will be no vegetable baskets. Therefore, we must protect the vegetable basket with vegetable farms. In some cities vegetable land has been used for other purposes to an excessive extent, and vegetable land has not been supplemented sufficiently. This is one of the important causes that led to a shortage of vegetable supplies in the relevant localities. This problem must be solved as soon as possible. Vegetable land that has been used for other purposes must be quickly supplemented. While establishing their own nonstaple food producing bases, various large and medium cities should also, in line with the need, establish nonstaple food producing and marketing coordination zones with other cities. It is necessary to gradually form a vegetable production pattern in which production relies mainly on suburban areas, supplemented by nearby farming areas, and is regulated by products from other cities.

Li Peng said: To achieve a balance between supply and demand, we must ensure funds for the construction of bases for producing vegetables and other nonstaple foods, funds for price risks, and funds for the construction of cold storages, the circulation setup, and other infrastructure facilities.

Li Peng expressed the hope that when participants returned home, they will conscientiously publicize and implement the guidelines of this conference and adopt measures, in line with actual conditions, to make sure their work is done well. He also hoped that they will, in accordance with the guidelines of this conference, do a good job in ensuring a stable supply of grain, oil, and nonstaple foods during the Spring Festival, so as to enable the people to have a happy and peaceful festival.

Leading comrades of the Central Committee and the State Council who also attended the conference were Zou Jiahua, Qian Qichen, Li Lanqing, Li Tieying, Wen Jiabao, Chi Haotian, Song Jian, Chen Junsheng, Ismail Amat, and Luo Gan.

Vice Premier Zhu Rongji made a speech on the first day of the conference. In his speech, he analyzed the current economic situation and stressed the importance and urgency of doing the work on vegetables, grain, oil, and cotton well, in order to guarantee market supply, and maintain social stability and the overall situation of reform and opening to the outside world. He also mapped out an overall plan for unifying thinking and understanding, clearly defining responsibilities, and doing work on the "vegetable basket," grain, cotton, and oil still better, and set explicit requirements in connection with this work.

MOFTEC's Wu Yi Speaks at News Conference

Exports To Expand in 1994

OW2801102894 Beijing XINHUA in English 0914
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—China will spare no efforts to increase its exports this year for the balanced development of its foreign trade, Minister of Foreign Trade and Economic Cooperation [MOFTEC] Wu Yi said here today.

She said that to strike a rough balance between exports and imports is China's basic principle in foreign trade and economic co-operation, and it intends to realize the balance through expanding exports rather than reducing imports.

Wu told a press conference sponsored by the Press Office under the State Council that China's foreign trade and economic cooperation continued to maintain a strong growth momentum last year on the basis of its rapid development over the past few years.

The foreign trade volume last year reached 195.72 billion U.S. dollars-worth, an increase of 18.2 million U.S. dollars over 1992.

Exports were worth 91.77 billion U.S. dollars and imports were worth 103.95 billion U.S. dollars. Thus the increase of imports was 21 percent higher than that of exports, leaving a deficit of 12.18 billion U.S. dollars.

Wu attributed the slow growth of exports to the high-speed growth of the domestic economy, large scaled investment, robust demand, price increases and lack of supply of some commodities, especially primary products.

Meanwhile, she said, imports of raw materials, energy and equipment needed for economic development increased rapidly.

Statistics show that last year imported commodities, whose import volume exceeding one billion U.S. dollars include aircraft, automobiles, rolled steel, crude oil, finished oil, fertilizers, industrial chemicals and complete sets of equipment.

Wu said that this indicates once again that China is a large market with great potential.

Foreign Investment Increasing Rapidly

OW2801102794 Beijing XINHUA in English 0915
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—The number of foreign-funded projects China approved, and the related contracted value, last year are almost equal to the total amounts for the previous 14 years since the beginning of China's reform and opening-up drive, a high-ranking trade official said here today.

Wu Yi, Chinese minister of foreign trade and economic cooperation [MOFTEC], told a press conference that last year China approved 83,265 foreign-funded projects, with a total contractual value standing at 110.852 billion U.S. dollars. The actual amount of foreign investment used in the period was 25.759 billion U.S. dollars. The figures were 70 percent, 90 percent and 134 percent, respectively, more than in 1992.

By the end of last year, Wu said, China had accumulatively approved over 174,000 foreign-funded projects with the pledged and actually used foreign investment topping 217.216 billion and over 60 billion U.S. dollars, respectively.

According to Wu, the investment came from more than 100 countries and areas, and Hong Kong, Macao, Japan and the United States were among major sources.

Although the lion's share of the foreign investment still flowed to coastal areas, the growth rate of foreign investment in land-locked regions last year surpassed that in coastal areas.

The investment was concentrated in such fields as energy, light industry, electronics, machinery, textiles, garments, metallurgy, building materials and real estate.

Wu said that one of the outstanding characteristics of the foreign investment in China last year was that many multinational corporations have come to invest in China, and the scope of investment and the scale of projects have expanded continuously.

Last year, Wu said, the average contracted foreign investment per foreign-funded project reached 1.33 million U.S. dollars, an increase of 12.9 percent over the previous year.

She said that the volume of exports and imports from foreign-funded enterprises stood at 67 billion U.S. dollars-worth, accounting for over one third of the nation's total, with exports at 25.24 billion-worth and imports at 41.83 billion U.S. dollars-worth, increases of 45.4 percent and 58.5 percent over 1992, respectively.

After deducting costs of equipment imports employed as investment, imports by foreign-funded enterprises stood at 25.2 billion U.S. dollars-worth, thus exports and imports were roughly balanced, she said.

Moreover, Wu added, in the first 11 months of last year foreign exchange sold and brought in by foreign-invested companies reached 8.72 billion and 3.56 billion U.S. dollars, respectively, with the net amount of foreign exchange taken out reaching 5.16 billion U.S. dollars.

Meanwhile, China signed loan agreements with foreign governments for 2.01 billion U.S. dollars, and the actual amount it used was 2.89 billion U.S. dollars, 11.2 percent more than in 1992.

Overseas Businesses Taking Shape

*OW2801105194 Beijing XINHUA in English 1038
GMT 28 Jan 94*

[Text] Beijing, January 28 (XINHUA)—Wu Yi, Chinese minister of foreign trade and economic cooperation (MOFTEC), said here today that by the end of last year China had set up 4,497 enterprises abroad with a total investment of 5.16 billion U.S. dollars.

At a press conference held by the Press Office under the State Council, Wu said Chinese overseas investments have spread over more than 120 countries and regions.

Among them, 2,927 are trade-related enterprises, and non-trade enterprises number 1,570.

Wu said that 380 overseas enterprises were approved by or registered with MOFTEC last year. The volume of the contracted investment was 210 million U.S. dollars, of which Chinese investment was 120 million U.S. dollars, occupying 56 percent of total contracted investment volume.

It is learned that Chinese overseas investment involves not only imports and exports but the non-trade fields of

resource development, processing, production, assembly, contracted projects, communications and transportation, finance and insurance, medical and health ventures, consultancy service, and hotels and restaurants.

Property Rights Protection Stressed

*OW2801105894 Beijing XINHUA in English 1047
GMT 28 Jan 94*

[Text] Beijing, January 28 (XINHUA)—The level of China's protection for intellectual property rights has surpassed the general level in the world, said Wu Yi, minister of foreign trade and economic cooperation.

Wu told a press conference held here today by the Information Office of the State Council that on January 16, 1992, China reached a memorandum of understanding on the issue of intellectual property rights protection with the United States. China has kept its words in the memorandum thoroughly, which the U.S. side also admitted.

Till now, the Law on Trademarks, the Patent Law, and the Law on Copyright have been passed in China, and its Law on Trademarks conforms to the Paris Convention for the protection of industrial property, of which China is the 95th member country.

Since China signed the Madrid agreement for the international registration of trademarks, about ten thousand foreign trademarks have been protected in China.

Moreover, China has also signed the Berne Convention for the protection of literary and artistic works, and the universal copyright convention.

When answering a question about the U.S. view that the status of China's intellectual property rights protection posed another obstacle to America-Chinese ties, Wu said that the U.S. Government neither knows nor understands China's positive practice in this regard.

She added that it is not wise to try to impose pressure.

Having a vast territory and large population, China developed unevenly in different regions on the issue, Wu admitted.

But she added that China will start a comprehensive education drive to strengthen its people's sense of intellectual property rights protection, since all countries, including China, are in need of protection of intellectual property rights.

Wu said that China will open courts for intellectual property rights in some key cities. If evidence of violation of intellectual property rights were found, both Chinese and foreigners could sent the cases to court.

Economist Liu Guoguang Interviewed on CPC Decision

HK2701153494 Beijing LIAOWANG in Chinese No 2, 10 Jan 94 pp 30-31

[By staff reporters Dong Ruisheng (5516 3843 3932) and Chen Dajun (7115 1129 6874): "What New Breakthroughs and Progress Has the 'Decision' Made?—An Interview With Noted Economist Liu Guoguang"]

[Text] In line with the spirit of Comrade Deng Xiaoping's important talks, the 14th CPC National Congress set the reform goal of establishing a socialist market economic structure. This is truly a breakthrough development in Marxist economics. What new situations has the "Decision on Matters Relating to the Establishment of a Socialist Market Economic Structure," which was adopted on this basis by the newly held Third Plenary Session of the 14th CPC Central Committee, provided us and what breakthroughs and advances has the Decision made? We asked Liu Guoguang, an noted economist who participated in the drafting of the Decision to talk about his views on the question.

He said: The Decision is the concrete, programmatic, and systematic embodiment of the goal of market economy set by the 14th CPC National Congress. This basic framework or general plan, which the Decision sketched, is in itself a breakthrough and progress.

The basic framework or general plan has rich contents, of which some are innovative advances. Let us just cite the major ones. They are as follows:

Establishing a Modern Enterprise System and Genuinely Energizing the Main Subjects of the Market

Reform of large and medium-sized state-owned enterprises has always been the focus of economic structural reform. Enterprises are the main subject of the market, and large and medium-sized state-owned enterprises are the lead of the main subjects. If state-owned enterprises are not invigorated, it will be difficult to stimulate the market as a whole.

Reviewing past events, Liu Guoguang said: In the past few decades we have introduced various reforms for enterprises, such as delegating power to enterprises, changing from profit delivery to tax payment, and practicing a contract system. Overall, state-owned enterprises have become more energetic than in the initial stage of reform. Nevertheless, the previous reforms have not touched the enterprise system under the planned economic structure. Thus, the problems, such as that no distinction was made between the functions of the government and those of the enterprises, property rights were confused, and everybody ate from the same big pot, have not yet been genuinely resolved. Moreover, the burdens shouldered by enterprises are very heavy and they could not free themselves from running society. Therefore, compared with nonstate-owned enterprises, most state-owned enterprises apparently lack vitality.

According to reports from departments concerned, one-third of large and medium-sized state-owned enterprises incurred losses in operation overtly, another one-third of the enterprises suffered losses in operation covertly, and only the remaining one-third of enterprises were money-making. This shows that two-thirds of state-owned enterprises had problems with efficiency. Moreover, among enterprises operating with relatively good efficiency, there were problems, such as that the running ox was whipped, cries of help came from all corners of the country, and expenses were wantonly apportioned for them. As a result, enterprises were exhausted due to heavy burdens.

All indications show that to effectively raise economic efficiency and invigorate large and medium-sized state-owned enterprises, we must switch enterprise reform from the policy readjustment with delegation of power and concession in revenue by the central authorities as the main content to the establishment of an enterprise system with the harmonious relations of property rights as the main content and proceed to seek a way of institutionalizing the integration of state-owned enterprises and the market economy. Through years of explorations, a consensus of understanding has been reached, that is, establishing a modern enterprise system. This is the direction of China's reform of large and medium-sized enterprises. Liu Guoguang maintained: Through the reform we must be clear about the relations of property rights. To put it another way, the ownership of enterprises' state-owned assets goes to the state and the enterprise has all the property rights, which is formed by the investment made the investors including the state, as a legal person and becomes an entity of legal person which has civil rights and interests and assumes civil responsibility. On this basis enterprises operate according to law, pay taxes in accordance with state regulations, organize production in line with the laws governing the market, assume full responsibility for profit and loss, and develop in line with the principle of selecting the superior and eliminating the inferior. This will help fully separate the functions of the government and those of the enterprises and help enterprises really become dynamic economic entities able to operate independently, be accountable for themselves, and improve and develop themselves. The formulation of this reform proposition is a very important breakthrough.

The problems with enterprises are very complicated. Enterprise reform, in which any single move taken may affect the situation as a whole, should be carried out in a coordinated way. Illustrating with examples, Liu Guoguang said: It is impossible to solve such problems as redundant enterprise personnel, the burden of enterprises running society, and enterprises' past debts by making a single reform. To solve them, supporting reforms in other fields of endeavor are needed. This will help create conditions for the reform of establishing a modern enterprise system. He said: The Decision has taken these factor into account. This shows that in the

coming reform, we must be determined to solve enterprises' outstanding past and present problems and effectively create conditions to operate state-owned enterprises as companies. However, to operate them as companies, we must establish a standard company system and a standard modern enterprise system rather than just put up a new nameplate. We must push enterprise reform to this new height.

In Fostering a Market System, Placing Stress on Developing the Production Elements Market

The prices of most commodities in China have now been liberalized and great advances have been made in the market system. Nevertheless, the Chinese market has been primarily a market for articles of daily use up to date. Most means of productions also have now become commodities, but the dual-track system remains operative in the prices of production means. Particularly, the market for such means of production as funds, capital, labor power, real estate, technology, and information is still in the embryonic stage. The current central decision suggested creating an environment of competition on an equal footing and forming a unified, open, competitive, and orderly big market and placed particular stress on developing the production elements market.

Liu Guoguang pointed out: In the days to come, the commodity circulation system calls for further reform. The commodity market should be further developed and improved. This is not a problem. However, what is important is to fully subject production elements to the regulation and disposition by the market laws and put stress on developing the production elements market. The specific development plan has yet to be studied. However, we must notice that there have been important breakthroughs in this regard. For example, the labor market is an important factor of the production elements market. In the past we called it the labor service market or the labor employment market. This is a breakthrough in theory as compared with our understanding of the issue before reform was introduced. However, the terms were not as accurate and scientific as the labor market. Perhaps people may ask: Since laborers are masters of the country, why have they become commodities? As I see it, laborers and labor should be separated. As citizens, laborers are masters of the country, while labor can be fully traded in the market as a means of production.

China's labor market is quite underdeveloped. In state-owned enterprises, personnel still cannot move fairly freely and a two-way choice mechanism has not taken shape. Enterprises are supporting large numbers of redundant personnel. Therefore, apparently it does not work to throw them to society lock, stock, and barrel. Generally speaking, it is still very difficult for an employee to seek another employment avenue or a new occupation for further development even if he wishes to. In the vast rural areas, labor mobility has long been developing. It is said that 50 million people have left their native villages and settled down in cities and towns. How should we manage this portion of people? How

should we establish a market mechanism based on state centralized distribution, under which labor can move between urban and rural areas in an organized and secured way, so that workers and employing units can choose each other? These remain problems.

Liu Guoguang held: Although rural labor is now moving, it is moving blindly. Many problems have not yet been solved satisfactorily, such as that employment is not secured and there is political inequality between the employer and the employed. They must be solved gradually. The Decision set the development, utilization, and rational disposition of labor resources as the starting point of the development of the labor market. It urged the creation of new employment opportunities, providing more jobs to workers in cities and towns, and encouraging and guiding superfluous rural labor to move in an orderly way. This is a new line of thinking effective in solving problems.

The Decision Has a New Exposition on Macroregulation and Control and Offers Concrete Propositions to the Various Aspects of Macroregulation and Control

The establishment of the socialist market economic structure is inseparable from a sound macroregulation and control system. It is necessary to change the functions of the government under the planned economy. In the market economy, the government manages the economy mainly with economic and legal means and necessary administrative fiat and no longer directly interferes in enterprises' production and operations. While clearly defining these contents, the Decision has offered relatively concrete propositions to the various aspects of macroregulation and control. This is another important advance.

For example, in banking reform the Decision clearly defined that the People's Bank of China should be run as a genuine central bank, whose function is to issue currency, and "take it as the prime goal to stabilize currency, regulate total money supply, and achieve a balance between revenue and expenditure in terms of total quantity." Moreover, it urged to set up policy-oriented banks and turn specialized banks into commercial ones. All these are very important improvements. In the past, these matters were discussed in the theoretical circles but they have now been included in the proposal. Moreover, interest and exchange rates should gradually become market-oriented. It is very important to abolish state prices for exchange rates and let exchange rates float under control.

Again for example, in financial and taxation structural reform, the Decision clearly defined that the all-round financial contract system should be replaced by a tax sharing system. This is also an important advance and change. Turning the current local financial contract system into a tax sharing system based on a rational division of administrative power between central and local authorities will help readjust not only the relationship between central and local authorities, but also that

between the state and enterprises. The all-round financial contract system has played a positive role in the past. However, as it developed it revealed its limitations. The main manifestation was that there was flexibility on the part of local authorities and enterprises while there was rigidity on the part of the state and central authorities. As a result, the central financial authorities were riddled with difficulties. Under these circumstances, the state was unable to make readjustments in important industries and regulate the gap between different regions. Now the Decision categorized the items of taxation necessary for safeguarding the state's rights and interests and practicing macroregulation and control as central taxes and the items of taxation which have a direct bearing on economic development as taxes shared by central and local authorities while suggesting substantiating local items of taxation so as to increase local tax revenues. This has helped rationally harmonize the relations between central and local authorities. Moreover, unification of tax laws and fairness in tax burdens are all important improvements. As far as the modes of distribution of after-tax profits between the state and the enterprise are concerned, there can be distribution of dividends according to the number of shares held, retention of profits according to the quantity of capital contributed, or occasional retention by enterprises of the profits to be handed over to the state for continued development. This way of doing things has thus more rationally harmonized the relations of interest between enterprises and the state.

Moreover, in investment system reform, the Decision urged to gradually establish risk liabilities for corporate investment and bank credits. Different projects may adopt different modes of investment. This is a reform proposition formed on the basis of the ideas which have been deliberated for many years.

Liu Guoguang said: The question of the relationship between planning, finance, and banking has in fact not been clearly stated in the past. The current central decision has defined the question. Under the traditional structure, planning has always been primary. There was a figurative formulation on the relationship of the three, stating: Planning orders dishes, finance foots the bill, and banking works out accounts. As structural reform progresses, the relationship has to change. To establish the socialist market economic structure, it is even more necessary to harmonize the relationship of the three in accordance with the laws governing the market economy. With an observation of the market economic developments of various countries, we can be clear that in the macroregulation and control of the market economy, there are two relatively important elements: Financial policy and banking policy. Although some countries also have long-term planning, it does not occupy an important position. From the formulation of the relationship between planning and finance as set by the Decision, we can see that although planning takes total supply and demand into consideration, it gives greater consideration to total supply and stresses making

long-term structural readjustments. Although finance and banking also take total supply into consideration, they start mainly with the management of total demand and stress regulating and controlling short-term balances in terms of total quantity. There is a division of labor between financial authorities and banks. Financial authorities are generally in charge of the redistribution of national income, which is done without compensation. Repayments of capital with interest should be made for the use of credits. In the past, when financial authorities incurred deficits, they would make overdrafts from banks, turning financial deficits into credit deficits. In the market economy, this practice does not work any longer. Financial authorities and banks should be clearly separated. The former can borrow money from the latter but should not make overdrafts without compensation. In short, the Decision has a clear formulation of the relationship between planning, finance, and banking, which is a great step forward from the previous practice.

When asked about his views on this year's reform situation at the conclusion of the interview, with full confidence Liu Guoguang said: The year 1994 will see the greatest number of reforms introduced and the biggest reform action taken. The Decision has provided a grand blueprint for reforms in the next step in the new year. As I see it, through the hard work of the entire party and the people throughout the country, this grand goal can be completely attained.

Minister Views Impact of Tax Reform

HK2701130694 Beijing JINGJI RIBAO in Chinese
4 Jan 94 p 2

[By Wang Zhongyu, Minister of the State Economic and Trade Commission: "Vigorously Introduce the New Taxation System To Pave the Way for Equal Market Competition"]

[Text] The decision adopted at the Third Plenary Session of the 14th CPC Central Committee clearly stated the need to reform and perfect the taxation system; in keeping with the principle of unifying tax laws, sharing tax in a fair way, simplifying the taxation system, and rationally distributing powers. The promulgation of such tax regulations as the PRC Interim Regulations on Value Added Tax is a mark that China's tax reform has already entered a new stage. An important task before leaders at all levels on the economic front is to correctly understand the great significance of tax reform at this time, smoothen the changeover and transition from the old taxation system to the new, and enable enterprises to meet the needs of the new situation as soon as possible, enter the market, and participate in fair competition.

I. It is Necessary To Fully Understand the Great Significance of Tax Reform

A. Putting into practice the tax division system whereby tax revenues are shared by central and local authorities is conducive to breaking regional barriers and forming a unified market.

Developing a socialist market economy demands a unified and open market. The various systems currently practiced in all localities whereby local governments are responsible for their own finances have played a great role in changing the traditional planned system of centralizing control over revenues and expenditures and in developing their economies. But as reform is deepening and the socialist market economy is developing, this type of system—which delineates financial revenues in keeping with the administrative subordination of enterprises—has to some extent strengthened the government's administrative interference in enterprises and weakened the tax-revenue regulating function, and easily causes unequal distribution and enlarges the gap of economic and social development between regions. Practicing the tax division system is conducive to breaking the man-made boundaries, establishing fair exchanges of commodities between different regions, and promoting the formation of a nationwide unified market.

B. By unifying the income taxes of home enterprises, we have changed the practice of setting tax categories according to the nature of ownership, and this is conducive to fair tax sharing and to promoting fair competition.

There are now four categories of income tax for enterprises in China. For large and medium enterprises, we levy a proportional tax which is 55 percent of their revenues. We also levy the regulatory tax on some of these enterprises. For small enterprises and collective enterprises, we use the eight-step progressive rates levied on income in excess of specific amounts, with the highest tax rate being 55 percent. For private enterprises, we levy a proportional rate which is 35 percent. The income tax rate for foreign-invested enterprises is 30 percent plus 3 percent of local additional tax. The income tax rate for enterprises in special economic zones and economic and technological development districts is 15 percent. The income tax for productive enterprises in the old urban areas of coastal open cities is 24 percent, plus 3 percent of local additional tax. In this way, different tax categories have been set in accordance with different forms of ownership in a way that tax rates and preferential treatment differ, causing enterprises to shoulder unfair tax burdens. The tax reform this time has unified the income taxes levied on home enterprises and standardized the before-tax deductions and expenditure criteria [lie zhi biao zhun 0441 2388 2871 3294]. On the basis of preventing the tax bases from being eroded, it has lowered the nominal tax rates for state-owned enterprises; canceled the fund for key energy and transportation construction projects, the budget readjustment fund, and the regulatory tax levied solely on large and medium state-owned enterprises; and standardized the distribution relationships between the state and enterprises, thus creating conditions for enterprises with different forms of ownership to share taxes fairly and to participate in fair competition.

C. We have adopted the circulating-tax system which is comparatively standard internationally and which takes the value-added tax as the main body, thus reducing the repeated levying of taxes and encouraging the optimum allocation of resources and specialized coordination.

At present, China's circulating taxes for home enterprises and foreign enterprises are inconsistent. They are very much graded and their tax rates vary greatly. For instance, the value-added tax rates for home enterprises range from 8 percent to 45 percent and are divided into 13 grades, product tax rates range from 3 percent to 60 percent and are divided into 21 grades, business tax rates range from 3 percent to 15 percent and are divided into four grades, and the industrial and commercial consolidated tax rates for foreign enterprises range from 1.5 percent to 69 percent and are divided into 40 grades. Many of these tax rates were set for regulation of the irrational price differences under the planned economy. Following the gradual lifting of price restrictions and the development of the market economy, the current taxation system must be reformed. In keeping with the practice of most countries, China's new taxation system has adopted the circulating tax system whose main body is the value-added tax. It embodies the principle of fairness, neutrality, universality, and simplicity. "Fairness" means it standardizes the circulating taxes on home and foreign enterprises and specifically regulates a small number of commodities by levying the consumption tax. "Neutrality" means that we take the amount of value added as the taxable object and that in calculating taxes, we deduct the transfer value of the means of production in the course of commodity production, deduct the amount of collected taxes on the goods purchased and already put to use, thus avoiding the repeated levying of taxes so that the same product will not shoulder different taxes as a result of the different organizational modes of enterprises and of the difference in the number of transactions made. "Universality" means that the value-added tax covers the entire process of commodity production and circulation and forms a tax system which exists ubiquitously whether in production and circulation. "Simplicity" means thoroughly simplifying the tax rates and setting only one basic tax rate and one low-grade tax rate. These principles meet the objective demands of socialized large-scale production and of developing market economy and are conducive to the optimum allocation of resources and to converging with the international market.

The direction of the tax reform this time is completely correct. Following the deepening of reform and the increasing degree of marketization, the significance of the tax system reform will become more and more fully manifested.

II. Strengthen the Study, Understanding, and Grasping of the Basic Spirit and Main Contents of Tax Reform

Many contents of the current tax reform are totally new. Many enterprises do not have much understanding of the specific contents or a basic knowledge of tax reform.

They are comparatively unfamiliar with how the new taxation system operates; for example, the calculation method for the new value-added system, the new ways of tax collection and management, and the management of receipts. Therefore, the most important thing at the present time is to study and really understand the basic spirit of tax reform and make great efforts to grasp its specific contents. Moreover, it is necessary to enable vast numbers of staff and workers to understand and grasp the following points:

—On the whole, the current tax reform does not increase the tax burden on enterprises. Tax reform has a direct bearing on the interests of vast numbers of enterprises and staff and workers. The tax reform plan embodies the principle of not increasing the tax burden on enterprises, as has been repeatedly stressed by leading comrades of the State Council. According to the data of a general survey by the Ministry of Finance, the average tax-sharing rate of industrial enterprises is basically the same before and after reform. The results of a preliminary survey of 282 industrial products across the country show that 73 of them have their taxes increased, or 26 percent, and 209 of them have their taxes lowered, or 74 percent. This shows that most trades' and enterprises' tax burdens will not be increased following tax reform. Of course, enterprises and their products differ greatly, the current tax categories and tax rates are numerous, and deductions and preferential policies differ. After a change to the new tax system, the increase or decrease of taxes on every enterprise differs completely. But the tax increases in some areas can be alleviated through mutual regulation. For example, in the case of commodity circulation, it is predicted from the data of a general survey by the Ministry of Finance that after the tax reform, wholesale enterprises will have their taxes increased by a 0.44 percentage points, while retail enterprises will have their taxes lowered by 2.5 percentage points. Although wholesale enterprises' taxes have been increased, due to the retail trade's tax decreases, the final retail prices which are directly shouldered by consumers should not fluctuate greatly as a result of tax reform. Moreover, it can promote the integration of production, wholesaling, and retailing. All in all, since the circulating tax burden has not increased, retail enterprises should not thus increase prices. Industrial and commercial enterprises should look back at themselves, make the best use of the policies adopted for them as well as the measures intended to lighten their burdens, strengthen management, and lower costs. They should never increase prices in such a way as to increase consumers' burdens as a result of tax reform.

—To smoothly put into practice the tax reform plan, the state has also adopted some policies to lighten the tax burden on enterprises. It has simplified and merged the enterprise income taxes, lowered the rate rates, and lowered the nominal income tax rates for state-owned large and medium enterprises from 55 percent

to 33 percent, and canceled state-owned enterprises' regulatory tax; exempted the fund for energy, communications, and key construction projects and the budget readjustment fund (called the "two funds" for short), which account for 25 percent of the after-tax profits retained by enterprises, which has had to be turned over to the state previously, and which is now retained by enterprises. The after-tax profits of old state-owned enterprises are not to be turned over to the state in the near future and are retained by enterprises for their use. For enterprises making low profits, we adopt such measures as levying for two years two grades of transition tax ranging from 27 percent and 18 percent. All these measures are intended to lighten enterprises' tax burdens. Enterprises should make the best of the above policies, enhance their stamina for future development, and improve their competitiveness on the market.

—We will use the method of differentiating new and old loans and measures to lighten enterprises' burdens and enhance their ability to repay the loans. At present, most enterprises are worried about the question of how they are going to repay loans after tax reform. We should say that through measures of lightening enterprises' burden, enterprises' ability to repay loans will be enhanced. However, considering the present situation of enterprises, the state has formulated two different repayment methods for old and new loans. Enterprises making good profits can have their ability to repay loans enhanced by counting depreciation and long-term interest as costs. As for enterprises shouldering a comparatively heavy debt burden which has been left over from the past, the state is studying and formulating some transitional measures to gradually clear the irrational debts incurred for external reasons.

III. Smooth the Transition and Changeover From the New Taxation System to the New One and Ensure the Smooth Implementation of the New Taxation System

A. It is necessary to smooth the transition from the contracted responsibility system to a unified tax system.

Of our industrial enterprises, 80 percent practice the contract management responsibility system. This form of management was a invention by vast numbers of enterprises and staff and workers in the course of implementing reform. It has played an important role in bringing into play the initiative of enterprises and staff and workers and in developing productive forces. The introduction of the new tax reform has radically changed the foundation on which the contract responsibility rests, because after the taxation system is reformed and after the tax division system is practiced, the value-added tax, which will become the largest tax category and which is shared both by the central and local authorities, is collected by the State General Administration of Taxation. Therefore, it will no longer be practical to continue with the contract responsibility system on a large scale. Moreover, since the cost structure has changed following the implementation of the

"two sets of regulations," the book profits of enterprises have decreased by a comparatively large margin and many enterprises have no profit target to overfulfill or to contract on. All this reflects that the nonstandardized distribution relationships cannot meet the needs of the market economy. Faced with this situation, we must further explore ideas for reform and should not merely find the way out by readjusting the distribution relationships between the state and enterprises, but should actively explore new ways of invigorating enterprises. We should change from the contracted responsibility system to a unified tax system on our own initiative.

To guarantee the transition from the contracted responsibility system to a unified taxation system, the state has adopted a special policy for those contracting enterprises that have obtained the approval of the State Council or the provincial people's government to contract on overall input and output before the "No. Six Document of 1993" was issued. According to the policy, for a transitional period of two years, localities will be assigned taxes first and then reimbursed. These enterprises should make the best use of the policies in the last two years of the Eighth Five-Year Plan, attach great importance to technological transformation, conscientiously strengthen their stamina, greatly replenish their own circulating funds, and enhance their rejuvenating functions. Enterprises should cherish this transition period and remove the burden on their own initiative.

B. Adopt flexible transitional methods in keeping with different situations.

Although regional preferential taxation policies do not fully conform with the fair tax-sharing principle, considering the fact that coastal regions are the windows on China's reform and opening up, if we cancel the regional preferential taxation treatment it will affect the investment environment and will be nonconductive to their further reform and opening up. For this reason, the state has adopted transitional measures. For example, we can adopt the transitional measure of tax reimbursement [shui shou fan huan 4451 2392 6604 6703] for taxpayers in special economic zones and in coastal areas which are enjoying preferential taxation treatment. After the value-added tax is universally levied on home and foreign enterprises, we can use the method of reimbursing foreign-invested enterprises for their actual increased taxes at the end of each year, or many times in different years so as to guarantee the stability and continuity of the foreign-related taxation policy. Moreover, the State Council will use transitional methods for some special enterprises that were originally exempt from taxation. All these measures are conducive to the smooth transition from the old taxation system to the new.

C. We will pay good attention to publicizing tax regulations and formulate and introduce policies related to the changeover from the old taxation system to the new so that enterprises are prepared and will dispel unnecessary misunderstandings.

Practicing the new taxation system is an overall reform of the old taxation system and is an important step toward the market economy. But putting into practice the new taxation system involves many specific questions. As for the question of how to deduct taxes this year from the stocks of enterprises' raw materials and finished products that were already taxed last year, the State General Administration of Taxation has already made specific regulations regarding this and has fully considered the actual situation of enterprises, and it will not happen that enterprises bear an abnormally heavy or abnormally light tax burden. For some specific questions in some special trades, we still need to formulate specific methods.

IV. Enterprises Should Adapt to the New Situation As Soon As Possible and Should Enter the Market and Participate in Fair Competition

A. Change concepts and make efforts to meet the new needs of the market economy.

The great reforms in finance and taxation, banking, investment, and foreign trade will cause a profound change in enterprises' external environment. Enterprises should further emancipate the mind and change concepts in the following aspects:

First, it is necessary to change the idea that state-owned enterprises are units for state budgeting and are directly under governmental supervisory departments and foster the new idea that they are "taxpayers" that possess independent corporate property rights. Like all other enterprises, state-owned enterprises should operate independently, assume sole responsibility for losses and profits, be levied taxes according to the law, enter the market, and participate in fair competition.

Second, it is necessary to change the traditional practice whereby the state has had too much control over state-owned enterprises, foster the new idea that the survival of the fittest is the objective law of market competition, and the idea that enterprises that make losses for a long time and that are unable to repay debts should go bankrupt according to the law. This will strengthen the sense of urgency and the sense of crisis of enterprises in striving for survival and development in the face of market competition.

Third, it is necessary to change the thinking that enterprises merely demand tax reductions and profit concessions during enterprise reform and focus on changing the mechanism and bringing innovations in the enterprise system. It is necessary to strengthen enterprises' competitiveness through establishing a new enterprise system.

B. Conscientiously implement the "two sets of regulations" and properly reappraise the stocks and assets of enterprises, laying the groundwork for enterprises to enter the market and compete fairly.

From 1 July 1993 onward, all enterprises must implement the "two sets of regulations." In reappraising the

stocks and assets of enterprises next year, we should continue to increase experimentation. These two jobs are to support the new tax reform to be introduced soon. They are, as we can say, the foundation for the new taxation system. If properly used, the 10-point policy laid down in the Ministry of Finance's "Circular on the Question of Convergence Regarding the Implementation of Enterprises' New Financial System" (Financial Work Document Number 199 of 1993) and the 10-point policy laid down in the State Council General Office's "Circular on Relevant Policies for Increasing Experimentation With the Reappraisal of the Stocks and Assets of Enterprises" (Number 29 issued by the State Council General Office in 1993), in particular, will be conducive to reappraising the property being used by legal entities and digest part of the hidden losses, laying a foundation for state-owned enterprises to lighten their historical burdens, enter the market, and participate in fair competition.

C. Quicken the readjustment of the product mix and the organizational structure of enterprises.

After the financial and taxation systems have been reformed, enterprises with good performance will probably have a better financing environment, while those with bad performance, especially those that have made operational losses, rather than those that incurred losses as a result of policy, can no longer survive on subsidies. We will probably make substantial progress in the structural readjustment, which we have stressed for many years, under the conditions of market economy.

At present, we are preparing to call the National Work Conference on Structural Readjustment in the first quarter of 1994 and plan to take a larger step in the following three areas: First, support state-owned large and medium enterprises that are really strong in developing large, transregional, and intertrade enterprise groups whose major link is property rights, and bring into play their role in promoting structural readjustment, improving the scale merit, quickening the development of new technologies and new products, and strengthening international competitiveness. Second, vigorously promote reform of the property rights of medium and small enterprises, invigorate the stocks of state-owned assets, and shift them to profit-making industries through a variety of forms including contracting, leasing, selling, and mergers. Enterprises that are making great losses and are insolvent at the due date should resolutely be forced to go bankrupt. Third, gradually settle the question that enterprises look after almost all matters in society. Large and medium state-owned enterprises should gradually withdraw from the function of doing social service, change to tertiary industry, and gradually sever relations with their original enterprises.

D. Change the management mechanism of state-owned enterprises and positively and steadily introduce a modern enterprise system:

Establishing a modern enterprise system is the direction for the reform of China's state-owned enterprises. We must change the administrative subordination of state-owned enterprises to the state to the relationship whereby they are linked by assets, establish a mechanism within enterprises by which the owners, managers, and staff and workers check and restrict one other, settling the question of the inseparable functions of government and the enterprise once and for all. At present, we should mainly implement the Regulations on Changing the Management Mechanism and the Regulation on Supervision which is to be introduced soon, and quicken the change of the management mechanism of state-owned enterprises. The Regulations on Changing the Management Mechanism are the cornerstone for establishing socialist market economy. We must ensure that the powers and responsibilities conferred by the Regulations on Changing the Management Mechanism are 100 percent delegated, laying the groundwork for establishing a modern enterprise system. The Fifth Session of the Eighth NPC approved China's first Company Law, which is a big event in China's economic life. It is the legal basis for us to establish a modern enterprise system in a planned way and systematically and to reorganize state-owned enterprises to the corporate system. We must quicken the change of the management mechanism and the establishment of the corporate system in line with the spirit of the decision and the provisions of the Company Law so as to enable enterprises to become the main body in market competition and to bring out their new vitality and vigor in a competitive environment where tax is shared fairly.

'Central Leader' on Competition in Foreign Trade

HK2801060994 Hong Kong TA KUNG PAO in Chinese
23 Jan 94 p 2

[Report: "A Central Leader Says Competition Should Be Introduced to Foreign Trade to Break Monopoly"]

[Text] Beijing, 22 Jan (TA KUNG PAO)—A central leader recently said that monopolies in foreign trade should be replaced with competition. This year, the problem of unfair competition between foreign trade enterprises should be solved. In the future, individuals will be allowed to engage in foreign trade, but this cannot be effected for the time being.

The leader said that there is no overheating in foreign trade. As long as the market exists and goods can be sold at a good profit, the more are sold, the better. Reform in the foreign trade system will break monopolies and decentralize management power. In 1988, provincial trade companies received foreign trade powers. In 1990, the problem of unequal competition between localities was solved. In 1994, the problem of unequal competition between enterprises should be solved. Foreign trade should move from monopoly to competition. Export subsidies should be stopped. As a result, China's foreign trade will rank in a more advanced position in the world. Finally, foreign trade will be conducted by business

groups, and small foreign trade companies are just transitional forms. Eventually, there will be a number of large corporations, like those in Japan.

The leader said that conditions should be created for an export agency system. Foreign trade companies should be gradually turned into productive enterprises with fixed bases. Action should be started from improving the variety of products, and the integration of foreign trade with industrial and agricultural production should be promoted. Some people asked why individuals are not allowed to engage in foreign trade. This may be effected in the future, but this is still impossible for the time being. Joint-stock companies with shares held by workers inside enterprises can be established, because this is an effective way to invigorate state-owned foreign trade enterprises.

Beijing To Direct Foreign Capital to Inland Areas

HK2801061294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1010 GMT 20 Jan 94

[Text] Lanzhou, 20 Jan (ZHONGGUO TONGXUN SHE)—The other day, the State Planning Commission held a foreign capital utilization work forum in Gansu's Lanzhou City, which was attended by 11 provinces and cities from northwest and southwest China. The message coming from the seminar indicates that in order to promote reform, opening up, and economic development in central and western parts of China, the utilization of foreign capital in China will be inclined to inland provinces during the period of the Ninth Five-Year Plan.

The seminar proposed that to support the development of reform, opening up, and economic construction in the central and western regions, the focus of the country's utilization of foreign capital will be tilted to inland provinces during the period of the Ninth Five-Year Plan to increase the strength of construction projects in the central and western regions, help boost economic construction in inland provinces on an overall scale, narrow the economic gap between the inland provinces and the coastal regions, quicken the pace of all reform undertakings in China, and promote the cooperation and development of complementary projects.

It is known that three projects Gansu Province has procured have been listed in the state's foreign capital utilization plan. The three projects are a 30,000-line program-controlled telephone system, with an investment of \$47 million; comprehensive treatment of atmospheric pollution in Lanzhou, with an investment of \$100 million; and a key water control project in the Shule He Valley, with an investment of \$150 million.

Adjustment of Foreign Investment Policy Considered

HK2801061094 Hong Kong CHING CHI TAO BAO in Chinese No 5, 24 Jan 94 p 26

[From "China Economic News" column: "Policies for Attracting Foreign Investment To Undergo Comprehensive Readjustment"]

[Text] Reportedly, China will soon hold a national work conference to consider the comprehensive readjustment of its policy for attracting foreign investment.

The basic guiding points for the adjustment of the policy to attract foreign investment are as follows:

- Maintaining the stability and continuity of existing policies.
- Gradually making industrial policy and taxation policy for foreign-funded enterprises converge with those for domestic enterprises, thus effecting fair competition and equal treatment.
- Adapting relevant regulations to the requirements of GATT rules and international practice.

Local policies for attracting foreign investment will also undergo major adjustments. Over the last 10 years and more, China's opening up to the outside world was mainly effected by its policy of opening up the coastal areas and offering favorable policies to coastal areas, special economic zones, and development zones. Henceforth, the same policies will be applied to various types of localities. New development zones will no longer enjoy favorable tax terms, which used to be the main attractive feature of the development zones. In backward areas, foreign-funded enterprises will be allowed to engage in simple processing, but foreign investment in such industries will be limited in the coastal areas and special economic zones.

On the other hand, the Chinese Government will revoke special favorable policies applied to overseas Chinese investors and investors from Taiwan, Hong Kong, and Macao, and will revoke the policy of cutting taxes in half applied to some neighboring countries, especially the CIS countries. That is, the same policies will be applied to foreign investors from all countries and regions.

In the future, the Chinese Government will open up markets to attract new and high technology and to attract investment from large transnational corporations. The Chinese Government will continue to encourage three types of foreign-funded enterprises to export their products, to effect import substitution, and to maintain the foreign exchange balance in their business operations. It will also formulate favorable policies to encourage foreign investment in agriculture, in the technological transformation of large and medium-sized enterprises, and in the construction of urban infrastructure.

New System Governs Machinery, Electronic Imports

OW2701123494 Beijing XINHUA Domestic Service in Chinese 0039 GMT 18 Jan 94

[“Roundup” by reporter Chen Yun (7115 5366): “China Forms Preliminary System Governing the Import of Machinery and Electronic Products”]

[Text] Beijing, 18 Jan (XINHUA)—Using the regulations of GATT and international practice for reference, China's new system governing the import of machinery and electronic products has officially been in operation since the beginning of this year. This system will play a positive role in stepping up the pace of linking China's economy with the world economy, and in restoring China's status as a contracting party of GATT at an early date.

To open wider to the outside world, China canceled import permits, quotas, and control on some products as well as readjusted and reduced tariff rates on 3,371 taxable items and products in the past year, 1993. Also spurred by its speedy economic growth, China imported machinery and electronic products worth \$49.46 billion in 1993, up 41.7 percent from 1992, and far higher than the 29-percent growth of total imports. The total import value of machinery and electronic products accounted for 47.6 percent of the total, up 5 percentage points from the previous year. With the State Council's approval, China officially promulgated the "Provisional Rules Governing the Import of Machinery and Electronic Products" in the fourth quarter of last year and, in the meantime, formulated the supporting "Catalogue of Products Subject to Quotas," "Catalogue of Specific Products," and corresponding rules for implementation. Thus, a new system governing the import of machinery and electronic products was preliminarily formed.

According to Xu Bingjin, who is in charge of the State Machinery Import and Export Office, this new management system has brought about significant reform in four aspects:

1. It has largely shrunk the scope of management on the import of machinery and electronic products, and regulated import mainly through quotas, tariffs, openly inviting tenders, and means conforming to international practice. The internationally accepted import quota system will be imposed on a handful of key machinery and electronic products—the 18 products include automobiles, motorcycles, video cameras, computers, and air conditioners—which will seriously harm the development of relevant industries, and directly affect the readjustment of industrial structure and product mix in China if they are imported excessively. The 171 kinds of machinery and electronic products, in which China has invested a great sum of capital to develop and manufacture or has imported the technology to produce them and which are still at an early stage of industrial production and need to speed up their development, will be placed in the catalogue of specific products, whose import will mainly be done through international bidding. Meanwhile, the rules on machinery and electronic products temporarily banned from import, and the import permit system for them, all statements of import substitution and relevant measures, the catalogue of products imported under unified and centralized planning, the catalogue of controlled import goods, and the regulatory tax on imported machinery and electronic products have been canceled. It is estimated that if the aforementioned

significant lessening in administration is realized, the proportion of import value of state-controlled machinery and electronic products to China's total import value will drop under 10 percent.

2. It has simplified the import procedures by canceling the system of examining and approving the import of machinery and electronic products according to quotas, and establishing an automatic registration system which not only conforms to the international practice but also is conducive to strengthening macroeconomic regulation and control.

3. It has increased the transparency of import management. All policies and measures involving import management will be released in time. In addition, all the old documents concerning import management will be screened according to the new management measures: those incompatible with the new measures will be abolished, and those requiring revision or continuing to be enforced will also be announced.

4. According to the GATT rules, it has set up a system of indemnification measures to eliminate or reduce the harm or threat of harm to relevant domestic industries when certain products are increased sharply. Where necessary, temporary measures to limit the import of certain products will be taken according to the relevant rules of GATT and legal procedures of the state.

Xu Bingjin told this reporter: From now on, the State Machinery Import and Export Office will focus its work on strengthening overall import management, examination, and supervision of key products in the catalogues of controlled items. As for this year's overall import regulation and control, it will emphasize readjusting the import structure, ensuring the needs for construction of the state's basic industries and infrastructure and the technical transformation of large and medium-sized state enterprises, continuing to control the import of consumer goods, supporting the import of advanced technology and equipment, and supporting export-oriented projects.

'Sustainable Development Strategy' Under Study

OW2701142994 Beijing XINHUA in English 1418
GMT 27 Jan 94

[Text] Beijing, January 27 (XINHUA)—China is mulling over how to implement a sustainable development strategy while shaping its development model for the next decade.

To implement a sustainable development strategy, said Gao Guangsheng, official from the State Planning Commission, is to develop the economy on the basis of protecting the ecological environment from deterioration and keeping resources sustainably available.

At an international seminar on the environmental protection action plan which closed today, Gao said, the old

development model characterized by high input and high consumption is no longer in keeping with reality.

Experts at the seminar said that the basic ways of realizing the sustainable development strategy include increasing the efficiency in using resources and energy, waste recycling, and developing new alternative resources.

According to the official, China is considering the selection of about 100 priority projects concerning key problems which urgently need to be solved in implementing the strategy, to promote cooperation with international environmental protection organizations.

"The first batch of priority projects will be selected by March this year," he said.

The official said these projects will be those with a sufficient input of funds.

Cooperation is necessary in this field, since seeking development is the common task for all countries in the world, said Zhang Kunmin, deputy director of the National Environmental Protection Agency.

"As a developing country, China should use the experience of other countries, especially of developed countries, for reference," Zhang said.

He said China has promoted cooperation with Britain, Germany, Denmark and Canada in this field and some projects are in progress or under discussion.

Column Views Success in Raising Grain Output

*HK2801033294 Beijing RENMIN RIBAO in Chinese
22 Jan 94 p 1*

["Review and Prospects" column by staff reporter Zhou Hongyang (0719 3126 3152): "Grain: From 200 to 456.4 Billion Kg"]

[Text] Food is the first necessity of the people, and grain is the foundation of food. The Chinese people in particular realize the truth in this because they have led difficult lives owing to grain shortages for considerably long periods of time.

Some 30 years ago, we were proud of our lofty aspirations that "we may make the land yield as much grain as we wish so long as we are bold enough to command it," and we were also delighted at the "good news" that "10,000 jin or even 100,000 jin of grain was reaped per mu." However, in 1958, a year full of vigor and dynamism, the total grain yield throughout the country was only 200 billion kg. After that, we worked hard unflinchingly to strive for the targets of 200, 250, and 400 kg per unit area yield in different regions as stipulated in the National Program for Agricultural Development. But, it was not until 20 long years had passed that the country's grain output was raised to the level of 300 billion kgs.

The Third Plenary Session of the 11th CPC Central Committee lifted the curtain of China's rural reform, under which the contract responsibility system on a household basis with remuneration linked to output was universally practiced like a spring tide which pushed forward substantial increases in grain yields. Document No. 1 of the Party Central Committee discussed the agricultural issue for five consecutive years from 1982. In 1984, China's grain yield hit a record high by breaking through the level of 400 billion kgs, and per capita grain possession approached 400 kgs for the first time.

The total yield of 400 billion kgs considerably mitigated the contradiction between demand and supply of grain in China. In the few years that followed, given some short periods of fluctuation, demand and supply were relatively stable, and great ups and downs did not occur in the markets. Even in 1991 when China was seriously afflicted by floods, demand and supply were basically balanced, and grain prices in the market were stable. The year 1993 once again saw brilliant achievements in grain production as output reached 456.4 billion kg. What needs to be pointed out is that, while guaranteeing the grain production level, peasants have paid greater attention to grain quality, with the proportion of refined and quality grain substantially enhanced, which is quite different from the past. Counties in which grain yield per mu exceeds 1 ton have emerged not only in the south, but also in northern provinces, including Shandong, Henan, and so on.

Of course, in order to achieve the goal of 500 billion kg—total grain yield per year—by the end of the century, greater efforts are still necessary. Compared with countries that are rich in per capita land resources, our per capita possession of grain is still very low and, compared with countries with high agricultural production levels, the gap is rather big in terms of per unit area yield. However, since the old structure which hindered growth of the productive forces in grain has been broken, we are able to make limited land yield more grain so long as we have appropriate policies and powerful measures.

Peasants 'Actually in Farming' Total 420 Million

*HK2701073394 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0656 GMT 19 Jan 94*

[Text] Beijing, 19 Jan (ZHONGGUO TONGXUN SHE)—The State Statistical Bureau Population Statistics Department disclosed that a total of 420 million people actually engage in farming in China, accounting for 60 percent of the working population.

An analysis of related materials shows that the so-called "900 million peasants" refers to the "900 million people" whose domiciles are in the countryside. Since China introduced the reform and opening up policy, however, some peasants have transferred to urban areas. Of the so-called 900 million peasants, only 797 million, namely 88.4 percent of the total, reside in the countryside, while the remaining 105 million have moved to cities and towns. Therefore, China actually has 797

million farmers, of these 523 million work in the countryside and the remaining 274 million are children and elderly people who can no longer work. Of the 523 million working in the countryside, only 420 million engage in farming and the remaining 60 million [figures as published] work in non-agricultural fields.

Water Conservancy Project Preparation Nearly Done

OW2801122094 Beijing XINHUA in English 1115
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—Preparatory work for Xiaolangdi Water Conservancy Project on the Yellow River, the second largest of its kind in China, is nearing completion.

The preparatory work, which began at the end of 1991 and is expected to be completed eight months ahead of schedule, has cost about 1.2 billion yuan (about 137 million U.S. dollars).

Infrastructure for the project, including facilities for transport, water and electric supplies, telecommunications and facilities to house the construction workers, has been completed.

Roads totalling 60 km, covering the construction site, have opened to traffic. The Yellow River bridge, or Huang He bridge, which ranks first in China in handling capacity, has been built.

The rail transshipment station, which is expected to handle nearly one million tons of materials and equipment, is also nearing completion.

During a recent inspection of the construction site, Deputy Minister of Water Conservancy Zhang Chunyuan urged all the workers to continue to work hard so that the principal part of the project will start this year.

Located about 130 km downstream from the Sanmen Gorges Dam in central China's Henan Province, the Xiaolangdi Water Control Project has a designed storage capacity of 12.6 billion cubic meters.

Experts say that the 11-year project, together with other reservoirs nearby, will enable the lower reaches of the river to resist the level of a flood that occurs only once in one thousand years, instead of its present water-control capacity of only once in dozens of years.

The project will make it possible to basically eliminate ice runs plaguing the lower reaches and prevent the Yellow River bed in the lower reaches from silting and rising, which has been a constant problem for hundreds of years.

The project will cost hundreds of millions of U.S. dollars. Part of the project will use loans from the World Bank, and international bidding will be invited for the undertaking.

Central-South Region

Guangdong Launches New Drive in Farmland Protection

OW2801020694 Beijing XINHUA in English 0155
GMT 28 Jan 94

[Text] Guangzhou, January 28 (XINHUA)—Following the successful implementation of its first farmland protection program, south China's Guangdong Province recently launched a new drive in that line.

The new plan aims to set the province's cultivated area at 2.5 million by 1997, when the present provincial government will end its term.

Governments at all levels in the province have been asked to sign "responsibility contracts" with the provincial government to see to it that they will carry out the new plan properly, according to official sources.

The province's first farmland protection program was carried out between 1991 and 1992. The sources said that by the end of 1992, the province had 2,547,000 ha of farmland, which was 0.52 percent more than the preset goal.

With the area of farmland continuing to shrink as a result of the steady March of industrialization onto its land space, and the ever increasing demands for food supplies to the swelling urban population, the southern province is facing mounting pressure to protect its limited farmland.

The provincial government also demanded that governments at all levels speed up the implementation of the regulation on the setting up of farmland protection areas, which was passed by the provincial people's congress last September and aims to put under strict protection some two million ha of farmland considered "essential" to its grain production.

As only 40 percent of the work has been completed so far, the provincial government ordered that all the cities must complete the work by June. Those failing to do so would not be permitted to take any farmland for non-agricultural construction, the sources said.

In another development, the provincial government decided that it would reclaim 47,000 ha of new farmland from 1993 to 1997, and that a special fund would be established for the better development of its land resources.

Guangdong Strengthens Real Estate Legislation

HK2701040294 Beijing ZHONGGUO XINWEN SHE
in Chinese 0942 GMT 12 Jan 94

[By reporter Zhang Chuanxi (1728 0278 3556): "Guangdong Provincial People's Congress Decides To Strengthen Legislation on Real Estate Market"]

[Text] Guangzhou, 12 Jan (ZHONGGUO XINWEN SHE)—An official of the Standing Committee of the Guangdong Provincial People's Congress disclosed that the congress will lay stress on strengthening legislation on the real estate market in its legislative work this year. The Standing Committee of the Guangdong Provincial People's Congress which starts tomorrow will examine and discuss three such regulations.

These three regulations are: "Regulations on the Transfer of Real Estates in Towns and Cities of Guangdong Province," "Regulations on House Renting in Towns and Cities of Guangdong Province," and "Regulations on Real Estate Ownership Registration in Towns and Cities of Guangdong Province."

The real estate regulation promulgated and put into force by the Guangdong Provincial People's Congress last month was "Regulations on Real Estate Development and Management in Guangdong Province."

According to the official of the people's congress, although four rules and regulations have been promulgated by the provincial government and people's congress in the past two years and more to standardize the real estate market, the question of lacking sufficient laws and regulations for real estates remains serious at present.

The official of the Guangdong Provincial People's Congress gave examples to show that the question of the real estate transfer market is quite conspicuous at present. First, taking advantage of land acquisition, some grass-roots governments have acquired land from peasants at low price and then sold it to land developers at high prices to reap staggering profits. This has resulted in disturbances or fights with weapons. Last year, land acquisition in Huizhou City alone caused nine incidents of disturbances and fights with weapons, involving over 100 people each, wounding 20 cadres and over 100 people, and resulting in a direct economic loss amounting to 1 million yuan. Second, the question of illegal land transfer is serious in towns and townships. On one occasion, several square kilometers of land were illegally transferred in a certain village in Buji Town of Shenzhen City. Third, illegal sales and transfer of commodity housing are serious and such practice harms the interests of the consumers. Fourth, fraud in real estate transactions carried out by lawbreakers are often found.

It is disclosed that the three regulations to be examined and discussed by the Standing Committee of the Guangdong Provincial People's Congress tomorrow will include detailed provisions on a series of issues such as the transfer, renting, and ownership registration of real estates.

Shenzhen To Expand Special Economic Zone

HK2701020994 Hong Kong LIEN HO PAO in Chinese
17 Jan 94 p 1

[By correspondent Hsu Yun-teng (1776 0061 7506) from Shenzhen: "Customs Inspection Line Moved Back to the Second Line to Make Way for Building of a Large Bonded Area"]

[Text] Authorities concerned confirmed that Shenzhen will become the mainland's largest bonded area pursuing a Hong Kong-style free-trade policy after 1997, when Luohu Customs (first line) will be moved back to the site of the current second line, effectively extending the special economic zone from the present 327 to 2,020 sq m, to boost the reserve strength for the development of Shenzhen Special Economic Zone.

Sources say the Shenzhen City CPC Committee has drawn up an outline of the idea, to which Deng Xiaoping responded: "Must Do (go ahead)."

Jiang Zemin, mainland state president and CPC general secretary, and State Council Premier Li Peng also agreed to the concept.

By this concept, after 1997, people with Shenzhen permanent residency and a permit issued by a local policing unit can travel freely into and out of Luohu Customs. Foreign goods shipped in through Luohu Customs will not count as imports and will be exempted from import duties (except a few commodities such as tobacco and wine). In Shenzhen, mainland people can catch a glimpse of trade commodities from all over the world. Similarly, mainland domestic products shipped from the Shenzhen Special Economic Zone will not be seen as exports. Foreign businessmen will have a chance to observe trade in all good domestically made products in Shenzhen.

Shenzhen hopes to become a "365-day, forever open Guangzhou trade fair."

The outline, described as a "choice that spans the centuries," forecasts that by 2010, Shenzhen's per-capita GDP will reach \$70,000, more than Shanghai's \$30,000, Taiwan's \$40,000, and Singapore's \$60,000. The 1.2 billion mainland population will throw their weight behind the program to push Shenzhen ahead of the four Asian little dragons in 2010.

The \$70,000 is the result of calculations on the World Bank's price parity theory (PPP) on four types of purchasing powers, not a lone estimate by the mainland.

The Shenzhen Special Economic Zone currently occupies 327 sq m. There is 160 sq m of land worth development, 100 of which are under actual development. Land use rights over the remaining 60 sq m has been transferred with compensation.

The trend shows weak reserve strength for the Shenzhen Special Economic Zone to sustain future development

and the necessity of incorporating Baoan and Longgang Districts into the special zone, adding another 1,700 sq m of land.

However, there must be effective measures for operations against smuggling and personnel movement management in the future, or there will be a series of problems.

To abide by the general principle of "Hong Kong ruled by Hong Kong people," after 1997, the 3 million Shenzhen population will remain excluded from elections in Hong Kong. There is still a difference between "Hong Kong people" and "Shenzhen people." Only thus can Beijing keep its word to the whole world.

The idea of building a large bonded area was floated when Shenzhen discovered that there were no longer any preferential policies to speak of in the first special economic zone with the opening up of the entire mainland; also there had been talk of converging with Hong Kong with the approach of 1997.

Shenzhen was the second local government to raise such an idea. Hainan Province once suggested the concept of a "special customs area," which was shelved and finally rejected by Beijing last year.

Shenzhen officials stated that improvement of zone border management must start right away. It will take into account the experience of Hong Kong and bonded areas around the world, study it, draft relevant ordinances and policies, while picking the Shatoujiao and Futian bonded areas to undergo pilot projects in preparation for modern, international cities, experiences gained there will be popularized.

In fact, Shenzhen has started arranging for this year's investment "basket," which is leaning toward water, electricity, land transport, and communication and expanding resource allocations for ports, airports, highways, and high-speed railroads.

Shenzhen Cancels Certain Tax Exemption

HK2701030094 Hong Kong LIEN HO PAO in Chinese
19 Jan 94 p 1

[By reporter Hsu Yun-teng (1776 0061 7506) from Shenzhen: "Shenzhen Abolishes Three-Year Tax Exemption Preferential Treatment for Enterprises Engaged in Three Forms of Import Processing and Compensation Trade Set Up This Year"]

[Text] Enterprises from Hong Kong and Taiwan that are engaged in three forms of import processing and compensation trade are less and less welcomed by Shenzhen Special Economic Zone [SEZ]. Such enterprises founded after 1 January this year will no longer be entitled to the three-year tax exemption.

Zhang Jiashou [4545 1367 1108], deputy head of the foreign affairs department of Shenzhen City Tax Bureau, pointed out at an exclusive interview with this reporter

yesterday that in the past, the SEZ exempted enterprises engaged in three forms of import processing and compensation trade from business tax on their processing fees for three years. With the introduction of the new tax regime this year, this preferential policy has been canceled. Though it remains valid for factories that were previously eligible for this tax remission treatment, similar enterprises founded this year will no longer be entitled to the same treatment.

He pointed out: This new measure has no impact on solely foreign-funded enterprises from Hong Kong and Taiwan, joint ventures, and cooperative enterprises. Because the recipients of processing fees are usually mainland factories, basically, this new measure is not expected to dampen the investment interest of Hong Kong and Taiwan manufacturers to any noticeable extent.

He explained that Hong Kong and Taiwan manufacturers normally transport raw materials to the mainland for processing. The consigned processor may be a mainland factory. Once the products are finished, they will be handed over to the Hong Kong or Taiwan manufacturer for export. In such an operation, the taxpayer should be the mainland factory, not the Hong Kong or Taiwan manufacturer.

He said: "Whoever is consigned processing, and receives processing fees for it, must pay business taxes. The rate of the processing fee is up to the manufacturers to decide and has nothing to do with the tax bureau."

He emphasized: If, because of the implementation of the new measure, an enterprise engaged in three forms of processing and compensation trade attempts to understate processing fees, it will be considered a tax evader once discovered and will be called to account.

This new measure may increase the tax burden on mainland factories and, in turn, may have an impact on the Hong Kong and Taiwan manufacturers to some degree. This policy can be seen as a sign that enterprises engaged in three forms of processing and compensation trade are no longer welcomed by the SEZ.

Shenzhen Sets New Economic Growth Record

OW2701111194 Beijing XINHUA in English 1101
GMT 27 Jan 94

[Text] Shenzhen, January 27 (XINHUA)—Shenzhen, a special economic zone in Guangdong Province, set a new record in its economic growth rate in 1993, the city government announced today.

The city's gross domestic product (GDP)—the value of goods and services produced—amounted to 41.35 billion yuan last year, up 30 percent over 1992 and 17 percentage points higher than the nation's average, a city government official said.

The official said that per-capita GDP in Shenzhen was 15,000 yuan, up 33.5 percent and six times the nation's average.

Special and flexible policies are being pursued in Shenzhen to attract investors from Hong Kong, Macao, Taiwan and overseas.

Shenzhen's industrial output value shot up nearly 35 percent in 1993 to 48 billion yuan, the official said.

The growth of collectively-owned manufacturers is the most impressive, he said. These manufacturers scored a near 90 percent rise in total output value last year, much higher than both state-owned and foreign-funded manufacturers.

Meanwhile, economic returns of manufacturers of various types have improved markedly, he said.

For example, the comprehensive economic returns index for local manufacturers stood at 129.7 during the first 11 months of 1993, up 28.16 points.

The official said that Shenzhen achieved a substantial increase in investment in fixed assets in 1993—estimated at 19.5 billion yuan, a 38 percent increase over 1992.

Shenzhen spent a quarter of the investment building roads, bridges, a power plant and a waterworks, he said.

Expanded production and higher economic returns have enabled Shenzhen residents to enjoy higher living standards, he said.

The earnings of local residents averaged 589 yuan per person in 1993, up 9.3 percent in real terms, he said.

Moreover, the local market is brisk, with retail sales totalling 16 billion yuan last year, a rise of nearly 39 percent, he said.

Shenzhen's revenue soared by almost 57 percent to 6.73 billion yuan in 1993, he said.

Furthermore, the local financial order has turned for the better, the local foreign exchange swap market has been stable and money has been in ample supply, he said.

At the end of December, savings deposits in local banks totalled 65.74 billion yuan and loans extended amounted to 50 billion yuan, he said.

Henan Increases Revenue Collection

HK2701083894 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 23 Jan 94

[Text] In 1993, Henan's revenue grew steadily, and stands at 13.79 billion yuan, an increase of 32.56 percent over the previous year; 17 prefectures and cities registered revenues of 11.49 billion yuan, an increase of 32.5 over the previous year; provincial level revenues amounted to 2.3 billion yuan, an increase of 19.6 percent over the previous year. The province's revenue growth

resulted from developments in production. The suspension of tax reductions and exemptions was also an important factor causing the growth.

Last year's financial expenditure throughout the province increased over the previous year. The main reason was that administrative institutions adjusted their wages beyond budgets and some city-level counties increased their spending for the construction of some basic facilities and transformation projects. In addition, as a result of lifting controls over grain prices, subsidies were provided to workers and staff members. This was also one of the reasons.

In August last year, principal leaders of governments at all levels in various localities began to implement central macrocontrol and regulatory measures, thus strictly controlling tax reductions and exemptions, gradually alleviating fund shortages, and bringing about monthly growth in industrial and commercial taxes on the basis of speedy economic development. By the end of last year, 10 cities and counties including Nanyang, Ruzhou, Gongyi, Luyi, and Shangqiu topped 100 million yuan in revenue, fulfilling the provincial plan ahead of schedule. Eleven enterprises including the Anyang steel company, the Luoyang glass factory, the Pingdingshan [words indistinct] factory, and the Henan [words indistinct] factory topped 100 million yuan in taxes. The number of 100-million-yuan enterprises increased by seven over the previous year and 93 enterprises topped 10 million yuan in taxes, an increase of 13 over the previous year.

Southwest Region

Guizhou Governor Outlines Economic Goals for 1994

HK2701065994 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 21 Jan 94

[Excerpts] The second session of the Eighth Provincial People's Congress opened in the provincial government hall on the morning of 21 January. [passage omitted] Among those seated in the front row on the rostrum were: Liu Fangren [provincial party secretary], Wang Chaowen, Liu Yulin, Long Zhiyi, Liang Mingde, Wang Siqi, Wang Anze, Liang Wanggui, Wang Yaolun, Chen Yuanwu, Lu Wenbin, Li Renshan, Ouyang Ziyuan, Zhu Qi, and Xia Guohua. Also present on the rostrum were provincial party, government, and military leading comrades including: Chen Shineng [provincial governor], Wang Guangxian, Li Wanlu, Huang Yang, Hu Xiansheng, Zhang Yuqin, Yao Jiyuan, Mou Shiren, Wang Zhiming, Meng Sufen, Zhang Chaolun, Qiu Yaoguo, Li Renzhong, Chang Zheng, Wang Demao, Wu Ruoguo, Jiang Xiwen, Zheng Guoyou and Xie Jinhan, president of the provincial Higher People's Court; Hu Kehui, deputy chief procurator of the provincial People's Procuratorate; as well as Yang Chugui, member of the National People's Congress [NPC] Standing Committee. Also present were members of the provincial party committee, the Provincial People's Congress Standing

Committee, the various work departments of the provincial people's government, and ministries and commissions of the State Council; as well as people in charge of higher learning institutions in Guiyang.

Liu Yulin, executive chairman of the session, proclaimed the Second Session of the Eighth Provincial People's Congress open amid the solemn national anthem. [passage omitted]

Comrade Chen Shineng's report is divided into two parts. The first part reviews last year's government work and the second part is on this year's government work arrangements.

[Begin Chen recording] In 1993, under the leadership of the party Central Committee and the provincial party committee, the incumbent government persisted in the party's policy of one central task, two basic points, further implemented Comrade Deng Xiaoping's southern tour talks and the instructions of the 14th CPC National Congress, carried out the Central Committee's decision on exercising macrocontrol and regulation, and fulfilled all tasks ratified by the Eighth NPC. With the joint efforts of people throughout the province, the province continued to maintain a good national economic development trend after overcoming difficulties. The increase in the GNP was estimated at 9 percent over the previous year, primary industries increased by 7 percent, secondary industries by 7.6 percent, and tertiary industries by 15 percent. [end Chen recording]

On this year's government work arrangements, Chen Shineng pointed out that 1994 is an important year to maintain fast economic development and is also a crucial year to establish the socialist market economic structure. The government's main tasks this year are to profoundly implement the instructions of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, carry out comprehensively the tasks set by the Seventh Provincial CPC Congress, step up the establishment of the socialist market economic structure, concentrate efforts on deepening reform, widen the opening up scope, adjust structures, strengthen management, produce better economic results, devote more efforts to running a clean administration, ensure an 8 percent increase in the national economy and strive for 9 percent, ensure a 2.2 percent increase in primary industries and strive for 3.2 percent, ensure a 3 percent increase in the gross agricultural output value and strive for 4 percent, ensure a 9.5 percent increase in secondary industries and strive for 10.8 percent, ensure a 12.5 percent increase in the gross industrial output value and strive for 13.5, ensure a 14 percent increase in tertiary industries and strive for 15 percent, and ensure a 9.1 percent increase in local revenues.

In conclusion, Comrade Chen Shineng said:

[Begin Chen recording] Deputies: We believe that under the correct leadership of the party Central Committee and the State Council and under guidance of their line,

principles, and policies, and under the leadership of the provincial party committee, we can bring the initiative and creativity of cadres and masses into full play and boost our morale. In this way, we will be able to overcome our difficulties and raise our economic construction to a new level. [end Chen recording]

Sichuan Secretary Addresses Provincial Session

HK2701072694 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 22 Jan 94

[Excerpts] After fully fulfilling its agenda, the seven-day second session of the Seventh Sichuan Provincial Chinese People's Political Consultative Conference [CPPCC] Committee successfully wound up in Chengdu's Jingjiang Auditorium this afternoon.

At 1500 today, Executive Chairman Han Bangyan declared the closing ceremony of the second session of the Seventh Sichuan Provincial CPPCC Committee open. [passage omitted]

The provincial CPPCC committee leaders attended and sat on the rostrum. They were: Nie Ronggui, provincial CPPCC committee chairman; Yangling Doje; Han Bangyan; Wang Yu; Liu Yuanxuan; Xin Wen; Liu Changjie; Chen Zuxiang; Li Keguang; Yang Daidi; Liu Shibai; Zhang Tinghan; Zeng Pingjiang, provincial CPPCC committee vice chairmen; and Hou Kailin, provincial CPPCC committee secretary general.

The Sichuan Provincial CPC Committee, People's Congress, People's Government, and Military District leaders also attended and sat at the rostrum at the closing ceremony. They were: Xie Shijie [provincial party committee secretary], Xiao Yang [provincial governor], Yang Xizong [provincial people's congress standing committee chairman], Song Baorui, Qin Yuqin, Pu Haiqing, Yang Chonghui [provincial discipline inspection commission secretary], Diao Jinxiang, Xi Yifang, Shi Zhiyi, Niu Ping, Huang Yunkui, Zhang Zhongwei, Kang Zhenhuang, Luo Tongda, Ren Lingyun, Wei Siqi, Wang Shuyun, Xu Shiqun, Ou Zegao, Li Meng, Gan Yuping, Geng Quanli [provincial military district political commissar], Li Yulong [provincial higher people's court president], Gong Dulun [provincial people's procuratorate chief procurator], and others. [passage omitted]

At the closing ceremony, Comrade Xie Shijie delivered a speech in which he said: Comrades, the second session of the Seventh Sichuan Provincial CPPCC Committee is being held at the start of the new year so that all the comrades are able to have a chance to sit down together to review the past and envisage the future, put forth new ideas and proposals, and exchange views on Sichuan's development plan. This meeting is of great significance to Sichuan's in-depth reform and expanded opening up in the year 1994 and is bound to arouse enthusiasm of all quarters and push forward socialist market economic building as well as socialist democracy and spiritual civilization building across the province.

Comrade Xie Shijie's speech was divided into the following three parts:

1. Clearly view the present situation and clearly define tasks for 1994
2. Expand opening up and push ahead with rapid economic growth
3. Promote democracy building and mobilize enthusiasm in all quarters

Comrade Xie Shijie concluded his speech by saying: Comrades, we are confronted with extremely arduous reform and development tasks in 1994. We should unswervingly unite as one; work with one heart and one mind; overcome difficulties; work in a down-to-earth manner; and strive for the sustained, rapid, and healthy growth of Sichuan's national economy under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, as well as under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core. Thank you!

The second session held a by-election in which the provincial CPPCC committee members voted and elected by a show of hands comrades Huang Chunrong and Cai Wenrong seventh provincial CPPCC committee standing committee members.

The provincial CPPCC committee members attending the second session adopted by a show of hands the following two documents:

1. Resolution of the Second Session of the Seventh Sichuan Provincial CPPCC Committee;
2. Motions on the Examination Report by Yangling Doje, Sichuan Provincial CPPCC Committee Motions Examination Committee Chairman.

At the closing ceremony, Chairman Nie Ronggui delivered a speech in which he stated: Members and comrades, we firmly believe that under the leadership of the Sichuan Provincial CPC Committee, with the unrestrained support of the Sichuan Provincial People's Congress and People's Government, and with the concern and cooperation of all quarters of society, the CPPCC committee members at all levels in Sichuan should strive to rouse themselves for vigorous efforts to make the province prosperous, be bold in trying out new things, be brave in making explorations, work hard to open up new vistas, and make concerted efforts. I'm sure that the Sichuan Provincial CPPCC Committee will certainly be able to score more achievements on the basis of its work in 1993 and make greater contributions to Sichuan's development in 1994.

In the end, Chairman Nie Ronggui announced: Now I declare that the Second Session of the Seventh Sichuan Provincial CPPCC Committee has come to a successful end!

Tibet Chairman Addresses Party Meeting 17 Dec

OW1501211594 Lhasa XIZANG RIBAO in Chinese
18 Dec 93 pp 1, 4

["The Fifth Plenary (Enlarged) Session of the Fourth Regional Party Committee Is Successfully Concluded"]

[Text] The five-day Fifth Plenary (Enlarged) Session of the Fourth Tibetan Autonomous Regional CPC Committee successfully concluded in Lhasa on the afternoon of 17 December after discussing all items on the agenda.

Gyaincain Norbu, deputy secretary of the autonomous regional party committee and chairman of the autonomous region, delivered a speech in which he summed up the meeting by stressing major tasks for the region this winter and next spring. His speech covers four aspects: first, the main results of the meeting; second, problems concerning how to convey and carry out the guiding spirit of the meeting; third, major tasks to be carried out this winter and next spring; and fourth, problems concerning how to improve the work style and strengthen the campaign of building a clean government.

Attending the meeting were leaders of the autonomous regional party committee including Raidi, Guo Jinlong, Danzim, Yang Chuantang, Buqiong, and Li Guangwen, Political Commissar Hu Yongzhu of the Tibet Military District, leading cadres of provincial-level party members, standing members of the regional commission for discipline inspection, and all the comrades who attended the fifth plenary (enlarged) session of the fourth regional party committee.

Raidi, executive deputy secretary of the autonomous regional party committee Standing Committee, presided over the meeting.

The meeting conveyed the guiding spirit of the Third Plenary Session of the 14th CPC Central Committee, the meeting of the CPC Central Committee on rural work, and the national meeting on the work of united fronts. It examined a report by the CPC Advisory Group of the Tibet Autonomous Region and adopted a resolution that such a group will no longer be established. Raidi, executive deputy secretary of the autonomous regional party committee Standing Committee, offered a report entitled "Conscientiously Study and Comprehensively Carry Out the Guiding Spirit of the Third Plenary Session of the 14th CPC Central Committee and Work Hard To Establish a Socialist Market Economic System."

The meeting concentrated on great events and political affairs. It was a meeting for unifying thinking, enhancing understanding, sizing up the situation, fostering faith, and strengthening the sense of urgency in seizing opportunities in order to lay a solid ideological foundation for accelerating the pace of reform, opening up, and economic development. It was also for emancipating the mind, invigorating the spirit, and promoting unity and progress.

Talking about the major results of this meeting during his speech, Deputy Secretary Gyaincain Norbu said: The greatest result of this meeting is that we have enhanced understanding, unified thinking, reached a consensus, fostered faith, and strengthened the sense of urgency in building a socialist market economic system. Major expressions of the meeting can be found in further deepening the understanding of the necessity to build a socialist market economic system, in defining the basic principle of accelerating the pace of reform and opening up as well as establishing a socialist market economic system in our region, in finding out the gap, and in strengthening the sense of responsibility and urgency in accelerating the reform and promoting the economic development. Major expressions of the meeting can also be found in further understanding the importance of the role of farming and animal husbandry as the foundation of the national economy, in paying attention to two important things [economic development and stable situation] simultaneously, and in strengthening and improving party leadership.

Comrade Gyaincain Norbu added: During the discussion, all of us have profoundly felt that the largest obstacle in establishing a socialist market economic system lies in ideology and in understanding problems. Our comrades said that in changing the economic system, it is necessary to first change our thinking. Only by following the standards of the "three conducive causes" ["conductive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country, and improving the people's living standards"], by being bold in our endeavors and experiments, and by working hard under the new system, can we realize the goal of achieving new results in our economic and social development. We all believed we can achieve social stability and national prosperity based on strong material foundation only by seizing opportunities and unswervingly carrying out the drive of reform, opening up, and modernization. He continued: All comrades believed the greatest gap between the region and the hinterland and coastal areas lies in emancipating the mind; in having a sense of urgency; in carrying out the tasks; in over-emphasizing the special conditions in Tibet; and in our tendency to "wait, depend on, and ask for" subsidies from central authorities. If we do not change this situation, we will bring about even greater passive and graver consequences. As leading cadres of the party, we have great responsibility during the course of establishing a new system. We should take the lead in our march, seize opportunities, and organize and lead the people in our great drive of reform and opening up.

Deputy Secretary Gyaincain Norbu said: During the course of building a socialist market economic system, it is imperative to attach great importance to the role of farming and animal husbandry as the foundation of the national economy, follow the guiding spirit of the Third Plenary Session of the 14th CPC Central Committee and the Meeting of the CPC Central Committee on rural work, continue to maintain the party's basic policy in

agricultural and pastoral areas, unswervingly deepen the reform of the economic system in rural areas, and promote rapid and sound economic development in agricultural and pastoral areas. We should firmly foster the ideology of paying equal attention to two important things, that is, economic development and stable situation, actively launch the campaign of anti-splittism, and create favorable a social environment for establishing a socialist market economic system and accelerating the pace of reform and economic development in our region.

While talking about how to convey the guiding spirit of this meeting, Comrade Gyaincain Norbu said: The Fifth Plenary (Enlarged) Session of the Fifth Autonomous Regional CPC Committee is an important meeting, representing the fact that our region has entered a critical stage in carrying out reform of the economic system. Therefore, it is extremely important to do a good job in conveying the guiding spirit of the meeting. The general requirement for this work is to conscientiously study the documents, formulate concrete measures, and guarantee comprehensive implementation. The major goals of our work lie in profoundly understanding the great significance of the "decision" [decision of the CPC Central Committee on some issues concerning the establishment of a socialist market economic structure] and its essence, in correctly appreciating the necessity of establishing a socialist market economic system in our region, in comprehensively understanding the thread of thought, major principle, and main tasks of the reform of the economic system in our region, and in sizing up the situation, seizing the opportunities to accelerate the reform and economic development. He also urged leaders at all levels to study and formulate a plan for accelerating the drive of reform and opening by taking into consideration actual conditions of their localities and departments. He said that it is necessary to attach importance to making gradual progress in reform and to losing no opportunities in achieving breakthroughs in important links so as to spur the whole situation of reform.

Concerning some major tasks to be performed in this winter and next spring, Deputy Secretary Gyaincain Norbu said: It is a completely new undertaking to build a socialist market economic system. We need a great theory as our guidance. Great efforts should be made to systematically study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the "decision." At present, it is particularly important to study well Volume 3 of the *Selected Works of Deng Xiaoping*. He stressed: The economic work of our region this winter, next spring, and next year should be carried out in accordance with the guiding spirit of the Third Plenary Session of the 14th CPC Central Committee and the National Meeting on Economic Work. It is necessary to continue to strengthen the role of farming and animal husbandry as the foundation of national economy, concentrate on increasing the incomes of people living in agricultural and pastoral areas, strengthen the leadership over the work in agricultural and pastoral areas, exert great efforts in developing village and town enterprises,

increase input in farming and animal husbandry, attach importance to the fundamental construction of water conservancy projects in farmland and grassland, pay attention to disaster-prevention and disaster-relief, and make a good arrangement for the requirements of people's livelihood so as to lay a foundation for reaping a good harvest in farming and animal husbandry next year. Various enterprises at all levels should concentrate on enhancing economic results, improving management, tightening disciplines so as to accomplish this year's production quotas and lay a good foundation for the management of next year's production. Comrade Gyaincain Norbu said: In carrying out the reform of the economic system in our region, it is necessary to insist on the standard of productive force, seize the opportunities, exert an all-out effort, and make breakthroughs in some key points. We should maintain steps in unison with other parts of the country in improving our system. We should proceed from Tibet's realities and make active and stable efforts in our work. Greater efforts should be made to accelerate the pace of reform in nine aspects, including state-owned enterprises, finance and taxation, banking industry, price, economic relations and trade, circulation, housing system, social protection, as well as work in farming and pastoral areas.

Comrade Gyaincain Norbu pointed out: Reform, development, and social stability are interactive and mutually supplementary. In order to guarantee the smooth implementation of reform next year, it is imperative to pay attention to the following points: Prevent splittist elements at home and abroad from instigating riots among people by making use of reform and price reform in particular; it is necessary to take into consideration the state's guiding spirit of reform, conduct thorough investigation and analysis of the realities in our region, and extensively seek opinions of all circles while formulating a plan for reform; and, before introducing a reform policy, try to do a good job in propaganda work among people so as to make them understand, support, and participate in such reform. During his speech, Comrade Gyaincain Norbu also said: In carrying out the tough work of anti-corruption, it is necessary to resolutely implement the directives of the CPC Central Committee and the Central Commission for Discipline Inspection concerning opposing corruption and rectifying the work style of the party, strengthen the clean-government drive, and ensure to achieve the current-stage results of anti-corruption.

In conclusion, Comrade Gyaincain Norbu said: The upcoming year of 1994 is extremely important for our region to carry out the socialist modernization drive. Party organizations at all levels should work with best spirit and lead people of all nationalities in the region in establishing a socialist market economic system and accomplishing other tasks.

The meeting was concluded with the majestic music of the "Internationale" at 11:30 in the morning.

North Region

Beijing Secretary Visits Financial, Tax Workers

SK2801021794 Beijing BEIJING RIBAO in Chinese
2 Jan 94 p 1

[By reporters Wu Xiangzhong (0702 0686 0022) and Yan Liqiang (0917 0500 1730): "Municipal Leaders Chen Xitong, Li Qiyang, Others Salute Financial, Tax Workers"]

[Excerpts] On New Year's Eve, Chen Xitong, secretary of the municipal party committee; Li Qiyang, mayor of Beijing; and other municipal leaders visited the brightly illuminated municipal people's bank of China, tax bureau, and finance bureau to express thanks and to salute the cadres, staff members, and workers who were working hard all night to make year-end final accounts.

Although the price hikes for energy resources and raw materials were higher than in previous years and enterprises encountered fund shortages for some time, Beijing's revenues totaled 8.41 billion yuan in 1993, 0.7 percent higher than the municipal budget and 4.8 percent higher than in the preceding year, thus achieving a revenue increase for 11 years in a row. All tax revenues surpassed those of the preceding year, of which industrial and commercial tax totaled 14.48 billion yuan, up 31.5 percent from the preceding year in terms of comparable standards. Bank savings deposits in the municipality increased by more than 30 billion yuan, and loans by more than 20 billion yuan.

Chen Xitong, Li Qiyang, and Executive Vice Mayors Zhang Baifa and Wang Baosen came to the municipal people's bank of China to hear its Governor Lu Xueyong's report and cordially meet with leaders of various specialized banks and insurance companies in an atmosphere characterized by festive joy and busy work. [passage omitted]

After this, Chen Xitong, Li Qiyang, and others came to the municipal tax bureau to hear its Director Sun Zhiqiang's report. According to initial statistics, the municipality's tax revenues totaled 23 billion yuan in 1993, of which 13.5 billion yuan was local tax revenues, up 3.2 billion yuan, or 31 percent, from the previous year. The municipal leaders extended thanks and saluted the cadres, staff members, and workers of tax departments who had worked hard. Chen Xitong said: Tax departments fulfilled their 1993 tasks successfully. They should continue efforts in 1994 and take greater steps. They should remember that "development is the essential criterion," and that without a developed economy, there is no hope for tax collection. Tax work should be focused on promoting production. Only when "there is a way to create wealth," will there be "a way to accumulate wealth," and will there be financial resources for economic construction. Li Qiyang said: The overfulfillment of the 1993 tax tasks by tax departments despite numerous difficulties should be attributed to the concerted efforts of their cadres, staff members, and

workers. It is hoped that in the new year they will exert greater efforts to train cadres well. Wang Baosen said: As the tasks of tax reform in the new year will be very heavy, it is hoped that continuous efforts will be made to win greater achievements. [passage omitted]

Beijing To Improve Efficiency of Using Foreign Investments

OW2801022494 Beijing XINHUA in English 0211
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—The Beijing Municipal Government intends to take further steps to improve quality and efficiency in utilizing foreign investments.

This was stated at a municipal comprehensive economic working meeting held recently.

Efforts will be made from now to improve the investment environment of Beijing, shift investment directions and diversify the forms of utilizing foreign funds.

The municipal government will attach much importance to investment from transnational corporations and investments to be used for urban infrastructure construction, major national projects and high-tech projects.

Profit-earning and efficiency will be stressed in utilizing foreign funds, instead of merely asking for increased numbers of projects and expansion in the amount of investment.

Diversified and more flexible forms will be adopted in utilizing foreign funds, such as introducing shareholding systems, contacts with overseas investment funds and issuing of "b"-shares—shares which companies in China issue solely for foreigners to buy.

A more authoritative and sensitive information network offering latest information to foreign investors will be established soon.

Approval procedures for foreign-funded projects will be simplified and different procedures will be followed for different kinds of projects.

Implementation of related laws and regulations will be strengthened to protect the interests of all sides involved.

Fifteen years of reform and opening-up of the country has brought about establishment of 7,500 overseas-funded enterprises in Beijing and an imported investment totalling ten billion U.S. dollars.

The opening drive reached its zenith last year with newly approved foreign-funded enterprises reaching 3,752 in number, almost equalling that for all the previous 14 years put together. Last year's batch included 49 large-scale projects involving foreign funds of at least 50 million U.S. dollars each.

Among foreign investors in Beijing, the number of world-renowned transnational corporations has reached 60.

Beijing's Exchange Association Boosts Economic Ties

OW 2701045694 Beijing XINHUA in English 0433
GMT 27 Jan 94

[Text] Beijing, January 27 (XINHUA)—The two-year-old Beijing Association for Overseas Exchanges, a nongovernmental organization, has become a bridge between the city and overseas countries and regions in economic and trade relations.

Speaking at the organization's annual meeting, its president He Luli said that during the past two years the association has helped conduct economic and trade activities in various forms and through different channels, thus greatly promoting economic and trade cooperation between Beijing and the rest of the world.

The association, currently composed of 20 members of the city's industrial, commercial, trade and service companies, aims to tighten economic and trade connections between the members and their overseas counterparts.

It also has 12 overseas advisers in Hong Kong, the United States, Britain, Thailand, the Netherlands, and other countries and regions.

During the past two years the association has received over 2,300 overseas economic, scientific, technical and financial personnel as well as 26 economic and trade inspection teams. The visits have helped conclude agreements on joint-venture projects involving hundreds of millions of U.S. dollars, the president said.

At a 1992 exchange fair sponsored by the association more than 130 overseas Chinese entrepreneurs from 15 countries and regions, including the U.S., Japan, Britain, Indonesia and Hong Kong and Macao, signed more than 130 contracts, agreements and letters of intent with Beijing's large and medium state-owned enterprises, involving direct overseas investment of over 35 million U.S. dollars.

The association, exploiting its vast network of connections overseas, has so far helped more than 80 enterprises in the city build up ties with their counterparts abroad.

It also invites overseas experts and scholars to chair seminars and give lectures on quality management and commercial law for the city's economic and trade professionals.

He Luli held that such exchanges have helped push Chinese companies and products onto the world market and improved their competitiveness.

The president said that this year the association is going to invite more overseas advisers and renowned personages to Beijing for business exchanges and trade talks. Meanwhile, it will designate team members to carry out business activities in Europe, Southeast Asia and other parts of the world.

Hebei's Xingtai City Opens New Flights to Jiangsu

SK2801082694 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 27 Jan 94

[Text] According to our station reporter's dispatch from the press conference sponsored by Xingtai City Lianhe Airline on 26 January, the Xingtai airport will open new flights to the cities of Suzhou and Wuxi of Jiangsu Province on 23 February. These new flights will establish a bridge between Xingtai and the middle and lower reaches of the Chang Jiang. The opening of new flights will exert active influence on broadening the economic, cultural, and technical exchanges among different regions and on improving the investment environment of south Hebei.

Inner Mongolia Secretary's Work Report

SK1301055794 Hohhot NEIMENGGU RIBAO in
Chinese 23 Dec 93 p 1

[By Chen Li (7115 0500): "The Fifth Autonomous Regional Party Committee Convenes its Eighth 'Enlarged' Plenary Session"]

[Text] The eighth (enlarged) plenary session of the fifth autonomous regional party committee ceremoniously opened in Hohhot on 22 December.

The purposes of the (enlarged) plenary session are to implement the spirit of decisions adopted at the Third Plenum of the 14th CPC Central Committee under the guidance of the socialist theory of Comrade Deng Xiaoping on building socialism with Chinese characteristics and the guidance of the 14th CPC Congress' guidelines; to put forward tasks and ideas for the region to accelerate the reform and development and to safeguard the unity and stability in line with the target of establishing the systems of socialist market economy; and to mobilize all Communist Party members as well as the cadres and people of various nationalities across the region to unite as one, to wage arduous struggles, and to concentrate their thinking and energy on accelerating the reform and development so that they can greet the new and crucial year and create a new situation with the mental attitude of emancipating minds and daring to pioneer and to try to promote the sustained, accelerated, and healthy development of the region's economy.

During the plenary session Wang Qun, secretary of the autonomous regional party committee, delivered a report entitled "Reinforce the Strength in Reforms, Accelerate the Economic Development, Vigorously Create a New Situation for Establishing the Systems of

Socialist Market Economy." Wu Liji, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional people's government, presided over yesterday's plenary session, which was also attended by Qian Fenyong and Bai Enpei, deputy secretaries of the autonomous regional party committee; as well as Geroletu, Yang Enbo, and Wuyunqimuge, members of the autonomous regional party standing committee.

Comrade Wang Qun's report includes the following five parts: 1) The brief summation of 1993 work; 2) Efforts should be made to apply the spirit of "decisions" adopted at the Third Plenum of the 14th CPC Central Committee to unify thinking and to enhance the people's morale in line with the grand target of "being the advanced"; 3) Efforts should be made to promote the sustained, accelerated, and healthy development of the national economy and to ensure the fulfillment of the two periodical targets within the given date; 4) Efforts should be made to promote reform in an overall way, to make breakthroughs in key fields, and to accelerate the pace of establishing the socialist market economy system; 5) Efforts should be further made to enhance or improve the party's leadership and to unswervingly implement the principle of "building the two civilizations simultaneously and scoring achievements in both of them."

Wang Qun said: Over the past year the concept of socialist market economy has been accepted by an increasingly large number of people. In particular, leadership at all levels has greatly upgraded their understanding on the socialist market economy. Reforms conducted in line with the target of establishing the systems of socialist market economy have achieved new progress. The economic structure has been further improved under the guide of markets and of macro readjustment and control. Both urban and rural productive forces have been emancipated or achieved development in the course of reform and opening up. Their specific manifestations are as follows: The reform in rural and pastoral areas has achieved new progress and a bumper harvest in both agriculture and animal husbandry has been obtained in the disaster-plagued year. The industrial and commercial enterprises have steadily deepened their reform and their economic results have somewhat increased. The activities of introducing foreign advanced technologies and setting up technical and economic associations with domestic localities have taken a new step. The pace in building the basic industries of energy resources, communications, telecommunication, and raw materials, as well as in building infrastructures has been quickened. Township enterprises have fostered a trend of doubling their output value and privately owned enterprises have achieved faster development. The principle of "building the two civilizations simultaneously and scoring achievements in both of them" have been further implemented, new achievements in party building and in the construction of spiritual civilization have been scored, and the political situation of unity and stability has been further

consolidated. Wang Qun said: While fully acknowledging the achievements and the main stream in the current situation, we must also analyze by seeking truth from facts the difficulties and problems cropping up along our advancing road. We should also note that along with gradually deepening the reform and developing the undertakings of modernization, it is possible for us to gradually deal with these problems and difficulties.

In his report Comrade Wang Qun pointed out: We should apply the spirit of the "decisions" adopted at the Third Plenum of the 14th CPC Central Committee to unify thinking and enhance the people's morale in line with the grand target of "being the advanced." He said: The decisions adopted at the third plenum represent an important policy decision, a grand blueprint of turning the old economic system into a new one, and a guiding principle of leading the entire party and the people of various nationalities throughout the country to accelerate the reform and development in a timely manner. By regarding the implementation of these decisions as a sign, we can be sure that our country's programs of conducting reform among the economic systems and of carrying out economic construction have entered a new development period. At present, a good job should be done in emphatically dealing with the following problems: 1) Efforts should be made to adopt a correct attitude toward the region's strong points under the conditions of socialist market economy and to enhance the confidence in quickening development; 2) Efforts should be made to smash the fetter of old thinking and concepts developed under the system of the planned economy and to foster the new thinking and concepts of socialist market economy; 3) Efforts should be made to firmly foster or to always uphold the criterion of "three advantages" and to apply this criterion to analyzing the new situation, new problems, and new things cropping up in the course of establishing new systems as well as to measuring the failure or success cropping up in reforms. Meanwhile, efforts should be made to correctly deal with the relations among reform, development, and stability and successfully deal with the relation between the whole interest and the partial one, as well as the relation between the immediate difficulty and the distant view of development. He said: In 1987 Comrade Deng Xiaoping once pointed out in his speech: Inner Mongolia Autonomous Region is endowed with vast grassland and has a small population. It is possible for the region to be advanced in development in the future. This judgment represents his ardent hope for the region and his scientific foresight and the people of various nationalities throughout the region should regard his judgment as a spiritual motive force. The grand target of "being the advanced" shows the region's glorious prospects in economic and social development and conforms with the fundamental interest and common desire of the people of various nationalities throughout the region. By judging from the development of both domestic and

foreign situations, from the tendency of the state macro-economic policies, and from the region's existing foundation and development potential, it is possible for us to realize the grand target through a longer period of arduous struggles. We should regard the grand target as a banner and guide the people of various nationalities throughout the region to have lofty ambitions and to make unswerving efforts to realize the target.

In his report Wang Qun said: In order to realize the grand target, it is imperative to fulfill in a timely manner the two periodical targets put forward at the sixth (enlarged) plenary session of the fifth autonomous regional party committee; to become better-off by the end of this century; and to reach the level that is little higher than the national intermediate level in this regard. This is the second year in fulfilling the first periodical target and a failure or success in economic development has a vital bearing on whether we can realize the first periodical target on schedule. Therefore, we should adopt every possible way and means to successfully conduct the economic work in 1994 and to achieve faster progress in economic development. In line with the current situation in the region's economic development, the region's gross national product may show a 10 percent increase in 1994 and we should strive to show a 12 percent increase. In order to realize the increasing speed, it is imperative to work out a new way with economic results as a center for developing the economy. A good job should be done in emphatically grasping the following tasks: 1) Efforts should be made to actively consolidate the structure of agriculture and animal husbandry and to further accelerate the economic development in rural and pastoral areas; 2) A good job should be done in emphatically encouraging enterprises to show an increase in both speed and economic results and to take up the work of switching losses to profits to improve industrial production across the region to a new level; 3) A good job should be done in continuously establishing pillar industries and in building key projects to add actual and reserve strength to the region's economic development; 4) Efforts should be made to vigorously develop township enterprises and to enhance the actual strength of the banner-county economy; 5) Efforts should be made to let the society continuously have a free hand in developing publicly owned enterprises.

Wang Qun said: A fundamental way to accelerate the economic development in the region lies in seizing the opportunity of reforms, reinforcing the strength in reforms, and quickening the pace in establishing the systems of the socialist market economy. Proceeding from the region's reality, a good job should be done in realistically grasping the following reforms: 1) Efforts should be made to accelerate the pace in enterprise reform by regarding as an orientation the establishment of modern enterprise systems and regarding the task of straightening out the relations among property rights as a breakthrough; 2) Efforts should be made to further deepen the reform in rural and pastoral areas by emphasizing the task of establishing or improving the socialized

service systems of agriculture and animal husbandry; 3) Efforts should be made to accelerate the pace of fostering and perfecting the market systems by emphasizing the task of establishing the markets of essential factors for production; 4) Efforts should be made to accelerate the pace of conducting reform among organs by emphasizing the task of shifting the governmental function; 5) Efforts should be made to ensure the implementation of measures for conducting macroeconomic readjustment and control by emphasizing the task of conducting reform among the systems of finance and tax, banking, investment, and planning; 6) Efforts should be made to accelerate the reform among the systems of public security by regarding as a breakthrough the method of the society making overall arrangements for severance pay; 7) Efforts should be made to further deepen the reform among the systems of science, technology, and education to meet the needs of reform, opening up, and economic construction; 8) Efforts should be made to open the region in an overall way to localities both at home and abroad by regarding as a breakthrough the task of vigorously bringing in foreign advanced technologies and vigorously setting up economic and technical associations with domestic localities.

Wang Qun pointed out: In order to win a victory in directing these unprecedented and pioneering undertakings, we must realistically enhance the party's self improvement and provide a strong and effective political guarantee for reform, opening up, and modernization. We must unswervingly and persistently carry forward the strategic principle of "building the two civilizations simultaneously and scoring achievements in both of them" and create a good social environment for accelerating the reform, opening up, and economic construction. Wang Qun urged that in enhancing the party building, it is most important for us to apply the socialist theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics. Efforts should be made to enable the leading body to become a strong and effective core of political leadership, which is leading the masses to establish the new systems of socialist market economy. A good job should be done in realistically building socialist spiritual civilization by regarding as a target the task of training new successors in conformity with the "four requirements" and by following the principle of regarding construction as an important point and regarding upholding as a precious point. Efforts should be made to successfully conduct the party's united front work in the new historic period, to enhance the work involved in nationalities' affairs and religious affairs, and to bring all contributing factors into play. By earnestly implementing the central arrangements, efforts should be made to steadily deepen the struggle against corruption.

Attending the plenary session were members and alternate members of the autonomous regional party committee; members of the party committee (leading party group) under the autonomous regional people's congress, the regional people's government, the regional Chinese

People's Political Consultative Conference committee, the regional military district, and the regional discipline inspection commission; veteran comrades who had long worked in the region; responsible persons from the party and government organs of various leagues, cities, banners, and counties, (county-level cities and districts); as well as party-member responsible comrades from the regional level departments, commissions, offices, and bureaus, as well as from the mass organizations, the higher educational institutions, and a number of large enterprises and establishments.

At the preparatory meeting for the plenary session on the evening of 21 December, Comrade Qian Fenyong delivered a speech on the session's tasks and significance, as well as on the methods and demands for proceeding the session.

Inner Mongolia Secretary Views Deng's Works

SK1501021994 Hohhot NEIMENGGU RIBAO in Chinese 12 Dec 93 pp 1, 2

[Article by Wang Qun, secretary of the Inner Mongolia Autonomous Regional CPC Committee, on understanding gained after studying Volume 3 of the *Selected Works of Deng Xiaoping*: "Master the Ideological Line To Answer Actual Questions"]

[Text] The Volume 3 of the *Selected Works of Deng Xiaoping* is very rich in content. It involves all the fields of the contemporary social and political life and summarizes all the basic viewpoints of the theory of building socialism with Chinese characteristics. Although it embraces such extensive knowledge and profound scholarship, it explains them in simple terms in close connection with reality, thus touching our hearts. Many things it mentions are what we have personally experienced, but never conscientiously summarized. Comrade Deng Xiaoping's instructions enable us to suddenly see the light and gain much benefit. Reading through Volume 3, we have a particular feeling that, at the beginning, we often cannot not understand or can understand merely superficially the whole meaning of Comrade Xiaoping's profound ideological viewpoints and broad and long-term policy decisions; and that, as time goes by, as we are educated through practice, and, in particular, as these viewpoints and policy decisions yield tremendous achievements in the course of practice, we will be able to gain a fairly profound understanding after we review them. It is thus clear that it is not easy to acquire a true understanding, not to mention mastery, of the book after reading.

The Volume 3 of the *Selected Works of Deng Xiaoping* is underlined by the ideological line of emancipating the mind and seeking truth from facts, which is the quintessence and soul of the theory of building socialism with Chinese characteristics. The great practice of reform, opening up, and the modernization drive after the Third Plenary Session of the 11th party Central Committee was started exactly with this reestablished ideological

line. This line is a condensed summary of dialectical materialism and historical materialism and the epitome of the proletarian world outlook and methodology. Following this line to understand reality from objective viewpoints, we will find correct answers to the many theoretical and practical questions, however complicated they may be. In the following, proceeding from the ideological line, I will discuss my shallow understanding on some major theoretical and practical questions.

1. Why Should China "Take Its Own Road" for Its Development?

The opening article of Volume 3 of the *Selected Works of Deng Xiaoping* contains a very incisive theory: "Our modernization drive should proceed from China's reality. In either revolution or construction, we should pay attention to learning and drawing lessons from foreign experiences. However, success can never be achieved by mechanically copying the experiences and patterns of foreign countries. We have had many lessons in this. The basic conclusion we have reached after summarizing the long historical experiences is that we should integrate the universal truth of Marxism with the specific reality of our country, take our own road, and build socialism with Chinese characteristics." (Volume 3 of the *Selected Works of Deng Xiaoping*, pp 2-3) These 100-odd characters coagulate the achievements of the party's long practice and experiences and its theoretical explorations, show the party's basic political proposition concerning the road of development, and epitomize the basic essence of the ideological line of emancipating the mind and seeking truth from facts.

Socialist construction and the road of development are basic issues deciding on the future and destiny of socialism. Historical experiences told us that leaving these issues unresolved, it is impossible for us to find a universally applicable pattern or road of development. "Taking our own road and building socialism with Chinese characteristics" is a concise and comprehensive theory that pinpoints the essence of the issue on the road of development. Its meaning in theory and practice also lies in the fact that it corrects the tendency of deviation from practice concerning the issues on socialist construction and road of development and provides answers to both the doubts and censures from the "left" and the right. It opens up the only correct course for our socialist modernization.

Why should China "take its own road and build socialism with Chinese characteristics?" According to my understanding, we should answer this question from three aspects.

First, because we cannot find a correct road from books. "Because such a thing as building socialism in China cannot be found either in the books on Marxism or the books of Lenin." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 260) Although Marxist theory on socialism provided principled plans for socialist construction, neither Marx nor Lenin provided or could

provide a ready plan for a country to build socialism after they died. Just as Comrade Xiaoping said: "We should never ask Marx to provide ready answers to the questions arising 100 years or several hundred years after he died. Likewise, neither could Lenin bear the task of providing ready answers to the questions arising 50 or 100 years after he died." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 291) "After the revolution succeeds, a country should build socialism according to its own conditions. There is no fixed pattern, and it is impossible to have one. Views sticking to conventions will only lead to backwardness and even failure." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 292) This is to say that we should integrate the basic principle of Marxism with the reality of our own country and explore "our own road" in practice.

Second, it will not work to mechanically copy the pattern of other countries. Because "with a different foundation, different history, different environment, different neighbors, and many other differences, one country can learn from, but never mechanically copy the experiences of others. China suffered a lot from mechanically copying others' experiences. China can develop only Chinese socialism." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 265)

The above-mentioned two answers are the summary of our successful experiences and lessons of failure gained in our explorations on building socialism. For example, in the process of socialist transformation, our party did not rigidly adhere to Marxist books, nor did it mechanically copy the methods of other countries. Instead, it adopted the principles and policies compatible with China's conditions. Therefore, the socialist transformation was completed fairly smoothly and it promoted the development of productive forces and created successful experiences. Beginning in the late 1950's, however, the "leftist" erroneous ideology gained ground in the party. Instead of applying and developing theories in a creative manner in line with our national conditions and formulating the principles and policies compatible with reality, we were divorced from reality in judging China's conditions. We either mechanically copied what books said or mechanically copied the patterns of other countries, resulting in being overanxious for quick results, pursuit of absolute perfection, and such erroneous guiding thoughts, principles, and policies as "taking class struggle as the key link." Many things hindering the development of productive forces were regarded as "socialist principles" and adhered to, and many others compatible with reality and the masses' desires and helpful to the development of productive forces were regarded as the "tails of capitalism" and the "restoration of capitalism" and were opposed and criticized. As a result, we established an ownership structure that was too unitary, adhered for a long time to a highly centralized and rigid planned economy system and a political system whereby power was too centralized, and seriously fettered the development of productive forces. Such a

situation developed into the "Great Cultural Revolution," which led the national economy to the brink of collapse. We should learn from this bitter lesson.

Third, because it is not realistic to follow the capitalist road in the path, and it also will not be realistic to do so in the future. China can only practice socialism. This is a major theoretical issue as well as a rigorous practical issue. Since reform and opening up, particularly during recent years, due to the rapid changes in the international situation, some major and minor events have also taken place in the country, making us more clear-headed and alert of this issue.

During the time when the ideological trend of bourgeois liberalization ran rampant, one erroneous viewpoint once emerged which believed that the capitalist stage should not be overstepped and that China should "go back to its old road." Going back to the old road means practicing "total westernization. This "theoretical" influence once made many comrades, some young people, in particular, have doubts in our systems. This viewpoint still has a certain market to this day. In view of this erroneous viewpoint, Comrade Xiaoping once talked about modern Chinese history on different occasions. He pointed out: Some people have raised such a question: Is it possible for the people of China to stand up and for China to turn over if it fails to practice socialism but follows the capitalist road? After more than 20 years of efforts of the Kuomintang, China had still remained a semi-colonial and semi-feudal society. This showed that it is impossible for China to have success if it follows the capitalist road. The one that changed the image of China is not the Kuomintang or the father and son of the Chiang's but the Chinese people led by the CPC and socialism. It is socialism that makes China marches toward unification and independence and ends a long period of a chaotic, poor and backward state. Here, Comrade Xiaoping used facts to show a true theory: In China where imperialism and the feudal influence are too strong and national bourgeoisie is too weak, it is absolutely unrealistic for it to follow the capitalist road; it is an inevitable choice for China to follow the socialist road during the development of its history.

In modern Chinese history, the "locally born and bred" bourgeoisie will not get anywhere and, after all, capitalism is only its dream. Then, will it be possible for the dreams of some people who have attempted to "introduce" the capitalist system of Western countries turn into reality today when socialism has experienced more than 40 years of trials and hardships? Will China's ship of socialism change its course in the fierce wind and waves of "peaceful evolution" and bourgeois liberalization? In face of these major questions of right and wrong, not all the people are clear-headed. Some people always think of using the prescription of the Western capitalist system to fundamentally cure the "disease of poverty" in China and believe that once they accept the capitalist systems, China will attain the highest level in one step and the pockets of all the people will be full. Certainly,

this is a naive illusion. As Comrade Xiaoping has analyzed, China is a big country with a large population but a small county in economy. If it discards socialism in a single day, it will go back to the semi-colonial and semi-feudal society with a majority of poor people and a few rich people, and it will be impossible to attain the goal of becoming "well-off," and will have no guarantee for having enough food and clothing; if China discards socialism in a very short time, it will be unable to gain a foothold at all today when the strong capitalist countries have monopolized the international market, and it will be surely controlled by other people and become the appendage of the big Western countries, and will even be unable to maintain the current independent status. What it can do is to act in line with others' expressions and to live at the "mercy" of other people; if once China discards socialism and implements "democracy," "freedom," and "human rights" of the big Western countries, it will lose its political situation of stability and unity and even have civil wars which will not only bring harms to China but also bring disasters to the world. In short, if China practices capitalism, about one-fifth of the world population will have a major retrogression and there will be great disasters in history. This is a scene which each and every Chinese person with intuitive knowledge does not want to see as well as one which the people of foreign countries with insight do not want to see. This is absolutely not talking out of the void. The present situations of some countries have provided examples to prove this conclusion.

When adhering to "our own road," we do not rule out opening to the outside world. Just as Comrade Xiaoping said: "For socialism to win the advantages comparable to capitalism, we should bravely absorb and learn from the achievements in all the civilizations created by human societies and all the advanced operating forms and managerial methods, that reflect the law of modern socialized production, of all the countries in the present-day world, including developed capitalist countries." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 373) Both history and reality show that to build the country, we should open to the outside world and never put ourselves in a closed or isolate position. A closed position will lead to nowhere. Opening to the outside world is an irreversible world trend, a prerequisite for "taking our own road," and a major characteristic of China's socialism. Without opening to the outside world, we cannot succeed in "taking our own road," and building socialism with Chinese characteristics will be out of the question.

To blaze our own road of development, the only correct method is "experimenting and blazing new trails bravely." It is a basic method for social practice in new historical conditions, a basic form of practicing the ideological line, and the only correct measure to seek integration between theory and practice. "Taking our own road" means, in fact, to blaze new trails in places where there are no roads. Without experiment and blazing new trails, the road can never be found. In the

15-year practice of reform and opening up, Comrade Xiaoping always asked us to "have greater courage in reform and opening up, experiment and blaze new trails bravely, and never be like women with bound feet. When we are sure of the worth of an endeavor, we should experiment with it and have a go at it boldly." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 372) Comrade Xiaoping has always encouraged, respected, and wholeheartedly protected innovations. He regards "no argument" as his own "great creation." His purpose is not only to avoid dispersion of energy and to "race against time" but also to protect the spirit of innovation. Another of his noted viewpoint is to allow people to see, but they should experiment resolutely and lift control if it proves correct and should make correction if it proves wrong. His viewpoint of "experimenting and blazing new trails bravely" is aimed at facilitating reform and opening up and promoting economic development and is based on the political advantage of the socialist system. He has always reminded people to have greater courage because there will be no large risks, and the sky will not fall down. Even if there are some risks, problems will be solved fairly easily because we have the leadership of the communist party, have public ownership as the mainstay, and have power in our hands.

2. Why is it that the basic line and basic principles and policies should "not waver" and "not change?"

Volume 3 of the *Selected Works of Deng Xiaoping* mentions on several occasions that the basic line and basic principles and policies should "not waver" and "not change." In my understanding, this is the most important "political instruction" of Comrade Xiaoping to the comrades of the entire party and will be the most important issue in practice our party and state will face in the coming decades.

We should adhere to the basic line without wavering for 100 years because, first of all, this line has been formulated according to the basic national conditions in the initial stage of socialism and is also used to guide the social practice of the entire initial stage. The basic national conditions in the initial stage can be summarized as the following. 1) China's socialism has been built on a semi-feudal and semi-colonial basis, and the contradiction between the large population, the backward productive forces, and the ever growing material and cultural needs of the people on the one side and the backward social production on the other has become the major contradiction of society. 2) The political and economic systems of socialism are not yet mature and perfect. Many things between the superstructure and the economic foundation as well as between productive relations and productive forces do not suit each other. 3) The socialist system of the people's democratic dictatorship under the leadership of the communist party has been established, and the class struggle will persist to a certain extent for a long time. Owing to the aforementioned reality which will remain unchanged for a fairly long historic period, our party's basic political line can only be one of "one center and two basic points," and we

adhere to it without wavering for the next 100 years. Meanwhile, the series of principles and policies formulated in line with the party's basic line to conform with the country's conditions should also be unswervingly and persistently upheld and remain unchanged. Else, our undertakings will end in failure.

The effort to adhere to the party's basic line without wavering for 100 years is related with our efforts to realize the three-step strategic objective. The period from the general completion of socialist transformation in the 1950's to the realization of the three-step strategic objective of having per capita GNP reach the levels of moderately developed countries and achieving socialist modernization overall in the middle of the next century, amounts to about 100 years. During the period, it is imperative to unswervingly uphold the center of economic construction and to follow Comrade Deng Xiaoping's instructions, like, "persist in pursuit," "remain a bit stubborn in upholding the center," and "forcing ourselves to boost the economy". To this end, we must continuously deepen reform; broaden opening up; uphold the four cardinal principles; stick to the principle of building the two civilizations simultaneously; maintain social stability; and provide a powerful guarantee for economic construction. Only by ensuring the stability of one center and two basic points will we be certain in realizing the strategic target by the set date and to win one victory after another in socialist undertakings.

Not shaking our will in upholding the party's basic line in the 100 years represents the correct conclusion found out by our party from its bitter lessons and experiences. Just as Comrade Xiaoping pointed out: "The line adopted at the Eighth CPC Congress was correct. However, many correct opinions in the line adopted at the congress had not been persistently carried forward in practice because the party's ideological preparations at that time for building socialism in the country as a whole were insufficient". This finally led to such a tragedy as "the Great Cultural Revolution." "The reason why we had put forward a series of policies during the period from the end of 1970's to the beginning of 1980's was that we had summarized the experience and lesson gained in the 'Great Cultural Revolution'." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 172)

Not shaking our will in upholding the party's basic line in the 100 years epitomizes the experience gained over the past 15 years in the practice of reform and opening up. During the earth-shaking change effected in the 15 years, the economy has achieved fastest development; practical benefits enjoyed by the people have been most; and the international position of our country has been unprecedentedly upgraded. All of these represent the outcome scored in upholding the basic line as well as the basic principles and policies. Comrade Xiaoping pointed out: "The basic line will be effective in the 100 years and never be shaken. Only by upholding the basic line can our party win the people's trust and support. People will not allow the attempt to bring about a change to the line,

principles, and policies formulated since the Third Plenary Session of the 11th CPC Central Committee..... Without the achievements in reform and opening up, we would have been unable to pass the test presented by the "4 June" incident.... The reason why our country has been stable since the "4 June" incident is that we have promoted the economic development and improved the people's livelihood through the programs of conducting reform and opening up. Therefore, the armed forces and state officials should support the line, systems, and policies". He stressed continuously: "That our country has developed at such a rapid pace in as few as 10-odd years, which has delighted the country's people and attracted world attention, has fully proven the correctness of the line, principles, and policies laid down since the third plenary session of the 11th CPC Central Committee, and has proven that no one can change them even though he wants to change. These remarks can be summarized as: The adherence to the basic line, principles, and policies should remain unchanged." "It will be all right even though there are no new ideas. What we stress is that we should remain unchanged and should not let the people feel about the change in policies. With these line, principles, and policies, China will have hope." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 371) Comrade Xiaoping has used simple remarks to explain the following truth, that calls for our deep thought: A political line that can promote the development of productive forces is a correct line and is compatible with reality; a correct political line is not easily changed; if the line changes, history will go backwards, the state will experience internal disorder, and thus the people will not agree to the change; and whoever attempts to change them will be overthrown.

Why has Comrade Xiaoping repeatedly stressed that the basic line, principles, and policies "cannot be wavered and changed?" In my opinion, on the one hand, the basic line, principles, and policies are truly very important to the future and destiny of a party, a state, and a nation; and, on the other hand, there are actually some people who disagree to persist in them. If we fail in this aspect, and, in particular, if we cannot clearly and correctly approach certain events taken place at home and abroad, then, it is not impossible for us to witness a waver in the party's basic line. Over recent years, it is precisely the correct attitude and measures, adopted by the second generation of leading collective, with Comrade Deng Xiaoping as the core, and by the third generation of leading collective, with Comrade Jiang Zemin as the core, for the series of major events taken place at home and abroad, that have ensured the implementation and execution of the party's basic line. For instance, the ideological train of bourgeois liberalization taken place in 1987 was precisely a grave interference to our adherence to the basic line. The essence of this ideological train was to make China deviate from the socialist road. When we resisted this ideological train with a clear-cut stand, many people at home and abroad argued about whether China would change its set principles and policies. Comrade Xiaoping definitely pointed out: "Our set

principles and policies will never change. Now that these principles and policies have been proven feasible in practice for eight years, why do we change them?" (Volume 3 of the *Selected Works of Deng Xiaoping*, p 207) Then, he further pointed out: "The issue of 'remaining unchanged' is an issue argued about by the people. And, I believe that this issue will be argued about until the end of this century and even the next century. We should use facts to prove this issue. (Volume 3 of the *Selected Works of Deng Xiaoping*, p 218) For another instance, the political turbulence taken place in our country in 1989 and the sharp change in the international situation taken place right after the political turbulence posed the most rigorous trials on the party's basic line and policies regarding internal and external affairs. After reviewing this section of history, we can, through the study of Comrade Xiaoping's pertinent expositions, see that it is not our party that wants to change the basic line, principles, and policies, and our party has never changed them over the past dozen of years; and it is the "left" or "right" ideological train and the international hostile force that have forced us to give up these lines, principles, and policies. Therefore, in his speeches made during his south China tour, Comrade Xiaoping again stressed the necessity of guarding against the right and, what is more important, preventing the "left." So long as we persist in the basic line without wavering, we will be able to cope with multifarious changes by remaining unchanged and will be in an impregnable position forever.

In my understanding, Comrade Xiaoping's theory that the basic line and the basic principles and policies not waver or change is not only a serious "political instruction" but also an ardent expectation and earnest admonition for the generations to come. Comrade Xiaoping firmly believes that the general historical trend for socialism to replace capitalism will not regress or change. However, he also knows deeply that the road ahead of us will be tortuous and risky. He hopes that our party will become increasingly mature theoretically, that China's socialism will gradually become the "finalized system," and that our millions of people and the party's generation upon generation of leaders will have the political awareness in adhering to the basic line. As high-ranking cadres of the party, we deeply feel the heavy responsibility on our shoulders. Comrade Xiaoping said that "the key to whether the correct political line can be implemented lies in whether the ideological line is correct." This is because when the ideological line is correct, the theories compatible with China's reality and the basic guidelines and basic principles of the line will pass on from generation to generation and create endless material achievements in the integration process with practice. In addition, the principles and policies themselves will also be developed creatively and always maintain their robust vitality.

3. How Should We Understand the Endeavor of "Seizing the Opportunity To Accelerate Development" as Both an Economic Issue and a Political Issue?

In the theory of building socialism with Chinese characteristics, development is a major topic of discussion which holds a central position. The core of the party's basic line is development, and the key to adhering to the basic line without wavering for 100 years is to persist in economic construction, the central task, without wavering. In Volume 3 of the *Selected Works of Deng Xiaoping*, development is what is discussed most. Comrade Xiaoping's noted theses that "the basic task of socialism is developing productive forces" and that "development is the essential criterion" represent the most important theoretical innovation Marxist viewpoint of development. Also, in Comrade Xiaoping's theory on development, "seizing the opportunity to accelerate development and concentrating efforts to promote economic construction" is an important idea that can most embody China's characteristics, reflect the characteristics of this era, and represent the desires of the party and the people. For example, if we say that Comrade Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line have indicated and opened up the course of China's modernization drive, Comrade Xiaoping's brand-new theories on development, then, have hoisted the sails for the historical ship to advance more rapidly.

The development viewpoint of seizing the opportunity to accelerate development is one based on the ideological line of emancipating the mind and seeking truth from facts. This brand-new development viewpoint contains Comrade Xiaoping's intense sorrow over the historical experience of "suffering from a backwardness attack," his profound reflection over mistakes and setbacks, such as "taking class struggle as the key link" and "premature transition," his thorough understanding of the basic national situation characterized by "a large population and a poor foundation," his sober judgment of the international environment and climate China faces, and also his scientific foresight about the future of China and the world.

In Volume 3 of the *Selected Works of Deng Xiaoping* and in many other of Comrade Xiaoping's works, the issue of the speed of China's development has been regarded as a serious political issue, and thus it is closely linked with the life or death of the party, the rise or decline of the country, and the future and destiny of the socialist system. Comrade Xiaoping maintained: China is faced with a rigorous challenge on this issue. We should effectively resist hegemonism, power politics, and "peaceful evolution." The key to always holding high the banner of socialism and maintaining the position of independence lies in accelerating economic development, whether we can achieve a relatively rapid growth rate, and whether we can fulfill our development strategy on schedule. After the sharp change in Eastern Europe, Comrade Xiaoping warned us in a timely manner: "Now, we should pay special attention to the landslide in the economic growth rate." He also sharply pointed out: "Whether we can avoid economic landslide and whether we can achieve the quadrupling task is a major question.

This question may be one preventing us from being fast asleep for a long time, 10 years at least." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 355)

Comrade Xiaoping maintained: The rapid development of neighboring countries constitutes a challenge for us. In his speeches made during his south China trip, he pointed out: "The key to seize the opportunity to develop ourselves lies in developing the economy. The economic development of some neighboring countries and regions is now faster than our's. If we refuse to develop our economy or if we develop our economy too slowly, the people will catch sight of problems through comparison." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 375) From this, we can see that "slow growth means stop growing and even means going backwards." Comrade Xiaoping's sense of anxiety and urgency manifested in the issue of development has greatly educated us.

In Comrade Xiaoping's theory of development, the idea of seizing and making good use of the opportunity has been very prominent. The opportunity mentioned here means refers to a good international environment. At the moment, although various kinds of contradictions and conflicts have taken place continuously in the world and the world remains turbulent, peace and development are still the main trend of the times. The old polarization pattern has come to the end, and the world is developing toward multi-polarization. We can have a relatively long period of peaceful development. Moreover, Asia is relatively stable when compared with other areas in the world, and the economy in Asia is developing at a high speed. Relations between China and its neighboring countries have been relaxed and improved, therefore China has been provided an extremely favorable condition for opening its border areas to the outside world. Now, the worldwide new technology revolution is developing very fiercely, the international industrial structure is under reorganization, and a huge amount of surplus funds and advanced technologies need to seek new markets. All these have provided a historical opportunity for our development. With the farsightedness of a strategist, Comrade Xiaoping has repeatedly exhorted us: "There are not many such opportunities;" "the opportunity should be seized;" "on no account should this opportunity be missed;" "development should not be slowed down so long as it can be accelerated," "rapid development should not be hampered so long as it can be accelerated," and "the growth speed that can be achieved should be achieved as far as possible." In line with the experience on economic "leap" gained by China and some foreign countries in the past several years, Comrade Xiaoping pointed out: "It is essential for us to witness several stages during the long process of modernization in the future characterized by relatively rapid growth and relatively good efficiency." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 377) Then, Comrade Xiaoping again set forth the development idea and objective of "going all out to embark on a new stage every several years." In studying Comrade Xiaoping's

expositions on accelerating development, we can feel about a force that presses us to forge ahead. This is a force produced by the ideological line of emancipating the mind and seeking truth from facts and is a force that encourages us to work hard.

While stressing the rate, Comrade Xiaoping always simultaneously emphasized such points as "paying attention to efficiency, quality and export-oriented items," and believed that as long as we have these three points, we will not be afraid of even a higher rate. On the issue concerning the relationship between "acceleration of development" and "steady development," Comrade Xiaoping has proposed a keen ideology, that is, "it is right to stress stability, however, overstressing it may make us lose the opportunity. ... Perhaps, our economic development law will advance in a wave upon wave manner and it will have a leap forward and will jump to a new stage after several years." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 368) We should not be surprised or alarmed at some disturbances in the course of economic development. This ideology has clearly explained the relations of dialectical unity between rate and efficiency, quickness and steadiness, and actually, it has also clearly explained the relationship between seeking truth from facts and emancipating the mind. This is the viewpoint of the dynamic theory of reflection which is in conformity with not only the objective law of economic development but it also stresses the factor of man's subjective dynamic role, having a practical and guiding significance in actual work.

How to realize a fairly high rate and to seek the integration of rate and efficiency? Comrade Xiaoping has always maintained that the fundamental way out is to conduct reform and opening up and to establish a new socialist market economic system. In his works, reform and opening up and acceleration of development are unseparated. Only by reforming the economic system, implementing opening up and breaking the old systems that shackle the development of the productive forces; using foreign advanced knowledge and experience for reference and adopting foreign advanced technology, can we be able to see a high rate and efficiency. At present, the Third Plenary Session of the 14th CPC Central Committee has issued the "decision on some issues concerning the establishment of the socialist market economic system," which makes our country's reform of the economic system more clear and specific. If we continue to follow this road, the reform pace will inevitably be greatly accelerated, and this will give rise to a tremendous motivation for economic development. We should strive to do a good job in reform.

To talk about development, it is also natural for us to talk about the affairs of our Inner Mongolia. As all people know, since its establishment more than 40 years ago, the Inner Mongolia Autonomous Region has witnessed rapid economic and social development and made tremendous achievements. Since reform and opening up, earth-shaking changes have taken place and

a new situation of economic development, social stability, cultural invigoration and harmony among people of various nationalities has emerged. What is more gratifying is that we have gradually found a road to develop the economy and society. Being restricted by some conditions, we should not unrealistically emulate the rate of coastal and other developed areas or hope to catch up with the level of developed areas within a short time. However, we are determined to give play to the advantages of our region through reform, opening up and the arduous struggle of the people of various nationalities; to give full play to the advantages and favorable conditions of having "natural resources, good geographic conditions and policies," promote strong points and avoid shortcomings, strive to quicker the rate and raise efficiency, unceasingly shorten the gap with developed areas, and attain the goal of becoming well-off and prosperous. In 1987, in a speech on our country's nationalities policy and on the development of minority areas, Comrade Xiaoping particularly talked about the Inner Mongolia Autonomous Region. He said: "In the case of Inner Mongolia, it has vast grasslands but a small population; it may probably march toward the front rank during its development in the future." "Observing the minority areas, we should mainly see whether they can be developed." "While approaching this issue, we should pay attention to the central point and not to its form." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 247) Comrade Xiaoping's remarks have given a profound lesson to our people of various nationalities. In this connection, Comrade Xiaoping has put forward his remark by regarding development as a core issue in the work undertaken by regions with the people of multiple nationalities. The "essence" pointed out by him means the issues of achieving development and making progress. We should deeply understand the important ideology of Comrade Xiaoping and earnestly summarize the work done over the past few years by regarding his ideology as a guidance. We should also further improve the guiding ideology, principles, and policies for work; bring all contributing factors into full play; unite with or lead the people of various nationalities to accelerate the economic and social development in the region; and realize the grand target of "being the advanced" put forward by Comrade Xiaoping through unswerving and protracted efforts. Party organizations and the people of various nationalities throughout the region possess their glorious tradition of uniting as one in struggles and waging arduous struggles and have a strong desire and confidence in "being the advanced". They will certainly be able to perform the miracles of latecomers surpassing the old-timers because they are facing the opportunity and many favorable conditions for accelerating the development. 4. In Upholding the Ideological Line, What Consciousness and Morals Should Leaders Have?

Emancipating minds and seeking truth from facts represent a scientific proposition full with dialectical and historical materialism and concentratedly reflect the world outlook and methodology of the proletarian class. It is uneasy for us to understand the ideological line and

even uneasy for us to conduct practice on it. Whether the ideological line has been unswervingly upheld represents a practical yardstick in measuring the level and consciousness of every leading personnel. It not only can give a test to our capabilities of understanding and of handling problems and particularly to our party spirit, work style, and morals.

Unswervingly upholding the line of emancipating minds and seeking truth from facts requires a scientific attitude and the spirit of dealing with matters relating to work. First of all we should honestly do things in line with the objective law of development. This requires us to frequently go deep into reality, to keep extensive contacts with the masses, to understand at all times the changes of objective conditions, to realistically and accurately know the masses' ideological trend, and to seize the turning point of the age so as to enable our policies to conform with the reality. In this connection, the bureaucracy losing contact with reality should be resolutely overcome. The attitude and method of paying lip service and considering oneself in the right should be resolutely cast away. Efforts should be made to be the honest persons often praised by Chairman Mao. In view of Chairman Mao, Marx, Lenin, and scientists are honest people who are doing things honestly according to a scientific attitude. Comrade Xiaoping is just an honest person of such a kind, always advocates the spirit of doing matters relating to work, and always sets himself an example in work. His works and speeches are in simple styles and have no empty talks losing contact with reality. His practice scored over the past several decades even represents the glorious example and vivid teaching materials of displaying the spirit of doing matters relating to work.

There is a bad practice at present, in which some leading personnel have often adopted an attitude of indiscriminately copying and relaying the higher authorities' directives and the experience gained by outside places. After accepting the documents, they have often got through with only relaying them any old way and few of them are to earnestly study them; to conduct earnest discussion; and to take an earnest consideration about them. They never ask "whys" and "hows" relating to the documents and never put forward their opinions on implementing the documents in line with the local reality. They often perform their duties in a perfunctory manner by only relaying these documents to their subordinate units. Among those who have adopted such an irresponsible attitude, hundred percent of them will suffer a failure. Since the programs of conducting reform and opening up, many localities have brought about tremendous changes to their economic and social outlooks. Some of them have even improved their economic and social outlooks to a new level within two or three years. The witness of such a progress has inspired the people very much. However, some localities have brought about slight changes in this regard and some of them have not accurately found out their ways of developing their local economy as of now. They are only

repeating some formalist slogans. Such an irresponsible attitude adopted by the leading personnel in these localities represents the manifestations of their weak party spirit and professional ambition. If we leave this attitude unchecked, these localities will have no future.

In specific work, it is, of course, important to put forward the policies compatible with reality. However, it is more important to turn the correct policies into actions through everyone's earnest efforts in doing solid work. Without this, no policies, however perfect, can be turned into material achievements. Making earnest efforts to do solid work is not only a work style and the basic method to implement policies but also a test on the party spirit and sense of responsibility of every leader. Comrade Xiaoping has always advocated earnest efforts and solid work. Over the past few years, he has urged us on many occasions to "devote some time to more solid work and speak less," to "accomplish some work in a down-to-earth manner and score real achievements to win trust of the people," to "concentrate on doing some work with which the masses are satisfied and pleased," and to "work hard to make our own work successful." He has particularly emphasized: "Leaders must do more solid work. They must change the bad work styles of spending the day by giving orders and empty talks." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 121) Comrade Xiaoping's instruction and example are the force to spur us on to work in a down-to-earth manner.

Another very important issue concerning the need for leaders to adopt a scientific approach of seeking truth from facts is that they should learn to analyze and address problems in a dialectical manner and not from a lopsided viewpoint or in terms of absolutes. This is not only a theoretical issue but also an issue on practice that leaders will often encounter during leadership work. To those assuming higher-level leadership work, this issue is more important. For example, the party's basic line clearly consists of "two basic points," but some leaders see only one; and the "two basic points" constitute an organic whole, but some leaders separate them and even set one against the other. The reason why there are "leftist" and rightist ideological interference within the party and why the party is "strong in one task and weak in the other" is closely related to the lopsided way of thinking in addition to some factors. Another example, Comrade Xiaoping has a very important thinking, namely to take the overall situation into account, subject to the overall situation, and consider issues from the angle of the overall situation. Here, the overall situation means the "large reality," and the partial situation is merely the "small reality." Proceeding from the overall situation means proceeding from the large reality. Concerning the issue on "fools [sha zi 0247 1311] and melons [gua zi 3900 1311]," he looked back and said: "Many people felt uneasy at that time, saying that he had earned 1 million yuan and should be criticized. I said no, because when we criticize him, people would think that policies have changed. Then, the loss will outweigh the

gain. Issues like this are still many. If we fail to handle them properly, our principles will be shaken easily, and the overall situation of reform will be affected." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 371) In Comrade Xiaoping's opinion, leaving the issues on "fools and melons" unresolved does not affect the overall situation; and solving them would be harmful to the overall situation. When faced with major issues and important junctures, Comrade Xiaoping has always been so clear-headed and so profound, comprehensive, and sharp in analyzing issues; and when solving problems, he has always solved them properly in order of importance and urgency. This cannot be achieved without well versed dialectical thinking and the foresight and strategy of a strategist. We should learn from Comrade Xiaoping's thinking and practice and learn to use materialist dialectics to think over and handle issues. Many things in reality show that when leaders' way of thinking is wrong, they will be confused about the cardinal issues of right and wrong and even commit political mistakes to cause irretrievable losses to our cause.

We must have the spirit of blazing new trails and the awareness of taking risks in order to unswervingly persist in the ideological line of emancipating the mind and seeking truth from facts. Modern leaders must have this kind of spirit and awareness. The theory on building socialism with Chinese characteristics is the most creative. The ideological line of emancipating the mind and seeking truth from facts involves ceaselessly blazing new trails. Our country's achievements in reform and modernization made over the past 10 years or so are just the achievements made by hundreds of millions of the people who have made ceaseless efforts to blaze new trails and vigorously keep forging ahead under the guidance of the party. Nothing will be accomplished and no progress will be made without this spirit. Comrade Xiaoping has the following heartening words: "Without the spirit of blazing new trails, the spirit of 'taking risks,' or vitality, we cannot pioneer a good and new way or accomplish new undertakings. Who has the daring to declare that he does not take any risks and has certainty of success in doing anything." (Volume 3 of the *Selected Works of Deng Xiaoping*, p 372) What Comrade Xiaoping advocates here is just the spirit of blazing new trails and the awareness of taking risks. The "vitality" that he talked about is revolutionary courage, heroism, and momentum. It is from the lofty ideals and the boundless faithfulness to the people. The spirit of blazing new trails and taking risks in the course of reform and opening up is extremely precious and merits vigorous carriage forward. Those who are very lazy, accomplish nothing, and lack the sense of responsibility cannot do this, neither can those who strive to avoid contributions and only make mistakes. Those who do not keep the people and undertakings in mind but only seek benefits for themselves and their small groups can not only accomplish nothing but also not understand the spirit of blazing new trails and the awareness of taking risks. They even criticize and vilify the comrades with this kind of spirit.

The ideological line of the party is a truly materialist line. So, only true materialists can completely understand and unswervingly persist in it. Because we must take risks, pay prices, and make sacrifice to persist in this line. Those without the sense of responsibility for the wealth and happiness of the people or enthusiasm for undertakings, like a raging fire, are unwilling to pay this price. For instance, many things in our practical life should be done by the leaders with the daring to persistently seek truth from facts. For instance, the masses have complaints about the unhealthy trends, the corrosive phenomena, and the indicators for political liberalism that seriously exist within the party; and it is difficult to correct them. One of the important reasons is that some leading comrades lack the daring to seek truth from facts and to persist in truth, are afraid of offending others, and are not willing to take risks by themselves. These comrades do not understand that the party must pay big prices if they are not willing to pay small prices. As long as justice prevails, evil trends will be overwhelmed. Truth and justice are, after all, not befuddled. What will we be afraid of? Another example is that some of our leaders often come across the situation of having two completely different viewpoints and assessments on the same thing, the same person, the same section of history, and the same locality. All of them think that they are seeking truth from facts. There are many factors to these problems. There may be problems in ability and level; there may be problems in the degree of understanding of circumstances and in the angle of approaching issues; and there may also be problems of having different ideas and standards for what is right and wrong. Such a situation is understandable. What is important is that leaders of various localities and units must take the position of upholding party spirit and the basic point of seeking truth from facts to speak and act impartially, to correct the prejudices of some comrades, and to encourage the cadres who persist in seeking truth from facts.

The basic point of the party's ideological line is that the people's interest is higher than everything else. The source of the courage and the strength to persist in this ideological line is among the people. Over the scores of years, Comrade Xiaoping has considered himself the "son of Chinese people," always respected the masses and loved the people, always borne in mind the people's interest and aspirations, and regarded "whether the people support it," "whether the people agree to it," "whether the people are happy," and "whether the people cooperate" as the starting point and ending point to formulating all principles and policies and as the fundamental criterion to judge right from wrong. Precisely for this reason, Comrade Xiaoping has had tremendous courage in theory and practice; his correct policy decisions have naturally become the conscious actions of hundreds of millions of people; and he himself has been able to undauntedly lead the people to continuously charge forward during the great process of building socialism with Chinese characteristics. Comrade Xiaoping has undergone a rough life characterized

by "three ups and three downs," and his revolutionary character of steadfastly persisting in truth and principles regardless of his personal honor or disgrace, his personal feelings of gratitude or resentment, and his personal gains or losses has truly manifested his lofty awareness of steadfastly seeking truth from facts. The great experience of Comrade Xiaoping has taught and inspired us a lot. Dauntless are the Communists who consider the people's interest higher as being more important than everything else, and no personal costs should waver Communists' steadfastness in persisting in the party's ideological line.

In his memorial article for Comrade Liu Bochong, Comrade Xiaoping stated: "He bent his back and was willing to risk any danger to realize his beliefs. At any time and any place, in smooth or adverse circumstance, and no matter how objective the environment changes, he has always contributed and submitted his all to the party and has merged himself with the party's cause regardless of his personal honor or disgrace, thus truly attaining the state of forgetting himself." (Volume 3 of the *Selected Works of Deng Xiaoping*, pp 188-189) How much we are educated and spurred on by these remarks of Comrade Xiaoping! If all generations of our leaders can attain such a "oblivious state," all levels of the party's leading bodies will become strong headquarters of fighting, will be able to foster a very good atmosphere, and will be able to steadfastly persist in the ideological line of seeking truth from facts. So, the ship of building socialism with Chinese characteristics will never deviate from the correct course amid terrifying waves and will always sail towards glorious destinations.

Education Project Impetus for Tianjin Colleges

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[Text] Tianjin, January 27 (XINHUA)—The 211 project, an ambitious national education reform project, has sparked a wave of quicker development through bolder reforms among the higher education institutions in this coastal city of north China.

The 211 project, pinpointing the spirit with which the country's education must face the 21st century, spells out the build-up of 100 key higher education institutions and key specialist subject centers throughout the country in some ten years. Hence the figure 211.

Authorities said the project is a strategic educational reform move for China designed to get the country's universities and colleges soundly prepared for the upcoming challenges in the next century so as to well serve the country's accelerated modernization drive.

The project aims to help the 100 universities and scientific centers, to be selected in stages over the next ten or more years, train more world-class professionals faster and, meanwhile, raise their academic level to above the national average and close to that of the world. Universities and colleges nationwide have been responding to

the project. They will be granted special government funds and preferential treatment once chosen to be among the 100.

The 30 Tianjin-based institutions of higher learning are making all-out efforts to reform their educational structure and upgrade their academic levels in a bid to get into the group of the chosen 100.

Li Guangquan, president of Tianjin University, said the 211 project is a precious development opportunity as well as a tough challenge for his university. He said his university is a strong and hopeful contender but improvements are still wanted in one way or another.

Du Buying, president of the Tianjin Institute of Finance and Economics, said his institute has readjusted development strategy so as to be more competitive.

All the other universities in the city have been concentrating on building up their teaching staff and improving their campus environment as well as on raising academic levels.

Some universities and colleges in the city have merged to improve their competitive edge.

Education officials said that though there will be only 100 chosen universities and institutions across the country, the 211 project will turn out to be a golden chance both for those selected and those not selected to push their education and management to a higher level.

Tianjin Holds Foreign Economic, Trade Work Conference

SK2801021994 *Tianjin TIANJIN RIBAO in Chinese*
10 Jan 94 p 1

[Excerpts] Yesterday, the municipal conference of foreign economic and trade departments was held in Jinghai County. The conference relayed and implemented the guidelines of the second enlarged plenary session of the sixth municipal party committee, discussed and made arrangements for this year's foreign economic and trade work priorities, and defined the specific work objectives. Wu Yi, minister of foreign trade and economic cooperation, made a special trip from Beijing to Tianjin to attend the conference. Gao Dezhan, secretary of the municipal party committee, and Vice Mayor Ye Disheng attended and addressed the conference.

This year, the municipal agreements on the direct use of foreign capital should involve a total investment of \$5 billion, up 42.1 percent over last year. We should guarantee that the total volume of foreign export trade will reach \$2.2 billion, and should strive to realize \$2.3 billion, an increase of 19.8 percent and 27.6 percent, respectively, over last year. [passage omitted]

On behalf of the municipal party committee and the municipal government, Gao Dezhan, secretary of the municipal party committee, thanked the Ministry of

Foreign Trade and Economic Cooperation for its support and correct guidance; and extended congratulations to the municipal foreign economic and trade departments on their achievements gained last year. He pointed out: Foreign economic and trade work affects the overall situation and plays an extremely important role in accelerating Tianjin's economic development. Last year, the municipality made great achievements in its foreign economic and trade work, and this year its tasks will be more arduous. Foreign economic and trade departments should emancipate the mind, expand the degree of reform, make earnest efforts to do practical work, grasp the work firmly, and enable foreign economic and trade work to enter a new and big stage.

Gao Dezhan pointed out: To fulfill this year's foreign economic and trade work, we must proceed from deepening the internal reform of enterprises; unceasingly improve the investment environment, and turn the foreign economic and trade departments into examples in improving Tianjin's investment environment; mobilize the enthusiasm of all sectors, do a good job in building the party, leading bodies, and contingents, and raise the entire quality of foreign economic and trade departments to meet the needs of the new period and new situation.

In his speech, Vice Mayor Ye Disheng called on foreign economic and trade departments to do their work in line with the objective of attaining a higher level. He said: This year the targets of all items of work must not be lower than last year's level, and in general, should surpass last year's level, and enter a new stage. In carrying out foreign economic and trade work, we should stand on the van of Tianjin's big decisive battle and big change, seize the opportunity to accelerate development, and produce a satisfactory answer to the 9.1 million people of Tianjin at the end of the year.

Northeast Region

Heilongjiang Secretary Addresses Security Conference

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[Text] The three-day provincial public security, procuratorial, and judicial work conference ended in Harbin today. Sun Weiben, secretary of the provincial party committee, gave a speech at the closing ceremony, entitled "Conscientiously Implement the Strategic Principle of Taking a Two-handed Approach, and Realistically Strengthen the Party's Leadership Over Public Security, Procuratorial, and Judicial Work."

The year 1993 witnessed great progress in the province's public security, procuratorial, and judicial work. The province's public security, procuratorial, and judicial front strengthened the struggle against the hidden front, dealt effective blows to the infiltration and sabotage activities of hostile forces and hostile elements inside

and outside the territory, dissolved lots of social contradictions, effectively safeguarded a situation of political and social stability in the whole province, unceasingly conducted a series of special struggles against serious criminals, maintained a trend of fighting criminal activities, promoted comprehensive management of public security, and created a fairly stable social environment for reform, opening up, and economic construction in the entire province. Public Security, procuratorial, and judicial organs at all levels conscientiously investigated and handled major and appalling cases, strictly punished a number of corrupt elements, and promoted the development of the anticorruption struggle. They gave full play to their functional role of regulating relations in various economic sectors, actively participated in operation and management, provided good legal services for reform, opening up, and economic construction, enlarged the degree of reforming the public security, procuratorial, and judicial work, strengthened all sorts of measures for building ranks of public security personnel, and achieved noticeable progress in this regard.

In his speech, Secretary Sun Weiben fully affirmed our province's achievements in public security, procuratorial, and judicial work during the past year. He said: Under the new situation of accelerating the pace of reform, opening up and modernization, the tasks undertaken by the public security, procuratorial, and judicial front will be more glorious but heavier. Party committees and governments at all levels should pay great attention to public security, procuratorial, and judicial work, realistically strengthen leadership over this work, place it on the agenda, and grasp it firmly. Party and government leaders at all levels, and party and government top leaders, in particular, should conscientiously analyze all destabilizing factors, adopt effective measures, and try by all possible means to safeguard political stability.

Sun Weiben stressed: In this year's provincial public security comprehensively management work, we should make major breakthroughs in dealing blows to criminal offenses, controlling the crime development trend, pooling social efforts to guard against crimes, giving priorities to improving public security, and organizing the masses to prevent crimes and improve public security. Special efforts should be made to firmly grasp the work of dealing blows to criminals, which is the major aspect of the public security comprehensive management work, be determined to solve the problem of failing to enforce law strictly, enhance the strength, quality and effect in dealing blows, conscientiously grasp routine work of dealing blows and handling cases, suit measures to local conditions, conduct special struggles in a timely manner, resolutely deal blows to murder, robbery, and other criminal cases, stabilize the public security situation, and provide an environment of leading a secure and happy life for the masses of people. In the course of dealing blows, we should particularly stress the necessity of raising the ability to tackle difficult problems, pay attention to studying the regular pattern and characteristics of criminal offenses under the new situation, and

purposefully adopt fighting and preventive measures. Sun Weiben called on party committees to lead, support, and coordinate with the public security, procuratorial and judicial departments, concentrate efforts on strictly investigating and handling major and appalling cases, including the criminal cases of legal persons and departments, particularly strengthen investigation and handling of criminal cases on bending the law for the benefit of relatives and friends, corruption, and bribery, and economic criminal cases on disrupting the economic order of the party and government leading organs, judicial departments, and law-enforcing administrative departments. We should realistically do a good job in building ranks of public security personnel, give full play to the fighting ability of public security, procuratorial, and judicial departments, set example in observing the Constitution and laws, resolutely check and prevent the phenomena of regarding one's words as law, abusing one's power to make one's own law, and disrupting law enforcement.

At the end of his speech, Sun Weiben said: The hosts of heroic and moving deeds emerged on the public security front must be actively publicized and commended. We should let the broad masses of people and all social sectors to fully understand their bitterness, sadness, loftiness, and greatness in an effort to cultivate a brilliant image of the public security cadres and policemen, and the lofty status of the public security, procuratorial, and judicial departments in the hearts of the mass of people.

At the conference, provincial leaders, including Zhou Wenhua, Wang Xianmin, Li Qinglin, Yu Jingchang, Qi Guiyuan, Xie Yong, Zhou Tienong, and Tang Xianqiang, president of the provincial Higher People's Court; Yu Wanling, chief procurator of the provincial People's Procuratorate; and Xu Yandong, deputy secretary of the provincial Commission on Politics and Law of the provincial party committee, presented citation plaques and certificates to the awarded pace-setters who took up the cudgels for a just cause, advanced units and individuals outstanding in comprehensively improving public security, and advanced units and collectives outstanding in the struggle of dealing blows to criminals.

Heilongjiang Holds Grain Work Conference

SK2801012994 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 26 Jan 94

[Text] This morning, the provincial bureau and the provincial financial department jointly held a provincial grain work conference to comprehensively implement the provincial party committee and the provincial government's measures on accelerating reform of the grain circulation system and to clearly define this year's provincial grain work objective.

Our province reaped a bumper grain harvest in 1993. The total output of grain and soybean totaled 23 billion kg, the best record in history. As of 20 January this year, we had laid up 3.165 billion kg of grain under state contract purchase, fulfilling 79.9 percent of the contract

purchasing task. The annual grain purchase totaled 5.05 billion kg, surpassing the plan by 26 percent.

The provincial grain departments have resolutely proceeded from the provincial conditions and grain conditions, reformed the grain purchasing and marketing system, and on the basis of the previous year's reduction of grain purchasing quota and decontrol of grain marketing work, implemented the system of stabilizing the grain purchasing quota and decontrolling the marketing of grain, continued to decontrol grain management and grain prices, effectively alleviated the difficulties of peasants in selling grain, and guaranteed the stability and vitality of urban and rural grain and cereal oil markets. Forty-two prefectures, cities and counties across the province have established grain markets and put them into operation. We have initially formed a grain system with provincial grain wholesale markets as the head, regional markets as the backbone, and city and county primary markets as the basis, and succeeded in reducing deficits and increasing profits.

In grain work, this year our province should further deepen the grain purchasing and marketing system; the annual grain purchase should be 7.5 billion kg, and the marketing of grain should be 6 billion kg. Beginning from the time when new grains are put on the market, we should implement the method of guaranteeing the amount of grain under state contract purchase and decontrol its prices and allowing the province to retain 460 million kg of grain under contract purchase, and after the implementation of this method, relatively abolish the cash deposit for the contract purchase of soybean and the coefficient of guaranteeing the amount of grain purchase. The grain purchasing prices will be adjusted according to market demands, and the system of protective prices will be implemented. While doing a good job in grain marketing, all localities should also pay attention to grain export. Beginning this year, in the export of state grain, we will change the system of delivering grain at government fixed prices into the system of exporting grain through agents at negotiation prices. At present, special efforts should be made to seize the opportunity of export grain to Japan, open up the channel of exporting rice, and expand the quota of grain export during border trade. Meanwhile, we should actively promote reform of the property right system, copy the work methods of Mudanjiang city grain bureau and Bayan County grain bureau, and do a good job in reform of the enterprise shareholding system.

This year we should guarantee that the deficits of the grain departments will not exceed the contract quota of 730 million yuan, and that no new deficits or default in payments will occur. During the Spring Festival, we should make proper arrangements for the grain, cereal oil, and salt markets in an all-round manner, persist in selling products according to the price tags, and realistically organize the living of people in the disaster areas.

Private Sector 'Important' in Heilongjiang's Daqing

OW2801020294 Beijing XINHUA in English 0142
GMT 28 Jan 94

[Text] Harbin, January 28 (XINHUA)—The private sector of the economy is playing an increasingly important role in northern Heilongjiang's Daqing city, one of the most important petroleum and chemical industrial centers in China, according to the city government.

Statistics show that the city's individual households involved in the private economy numbered 42,000 by the end of 1992, with a total registered capital of 440 million yuan, up 71 and 66 percent from the previous year's figures.

The city government has implemented more than 20 preferential policies for the expansion of the private economy to cope with establishing the socialist market economy in the country, said Qian Dihua, mayor of Daqing.

The policies include the widening of private business coverage and the reduction of taxes for self-employed workers.

The city government has worked hard to promote its private economy by learning from the experience of Chinese coastal cities in line with its own conditions, the mayor said.

Private manufacturers are engaged in the deep processing of petroleum and chemical products, making use of Daqing's abundant resources.

They produce necessary accessories for petroleum production equipment. Using leftover bits and pieces of materials of a chemical factory, more than 100 households in the city's datong district make plastic fiber bags. The bags, costing half the price demanded by similar products, sell well both in and outside of the city.

Shi Fuxiang, a self-employed worker, set up a glass fiber factory with an investment of more than one million yuan. The factory uses leftover bits and pieces of glass to produce glass cloth, which is used to wrap oil pipelines.

The factory turns out more than 1,000 meters of glass cloth a day.

The city government is now improving its market system to further promote its private economic sector.

Gas Explosion at Heilongjiang Coal Mine Reported

SK2801002294 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 26 Jan 94

[Text] According to a report from the provincial Economic Commission on 25 January, shortly after 1100 on 24 January, a gas explosion occurred at the No. 6 and No. 7 coal shafts of the Erdaohezi Coal Mine service

company of Jixi Coal Mining Administration. It was verified by the coal mining security supervision section of the provincial Labor Department at 0900 this morning that 67 coal miners died during the disaster.

Only some 10 people were spared from the accident. So far, the life and death of 32 persons were unknown. The Jixi Coal Mining Administration is making all-out efforts to conduct rescue work.

Vice Governor Ma Shujie led responsible persons of departments concerned to Jixi this morning to express sympathy to the miners' family members. The reason for the accident and the details on the injuries and deaths are still being investigated.

Jilin Secretary Addresses Forum of Experts

SK2801000194 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 26 Jan 94

[Excerpts] On the afternoon of 25 January, the provincial party committee and government held a forum attended by responsible persons of some units as well as experts and scholars from the theoretical, literary, and art circles of the province. He Zhukang, secretary of the provincial party committee, chaired the forum. Provincial leaders Wang Jinshan, Liu Xilin, and Su Rong attended and gave speeches.

He Zhukang said: Arrangements have already been made for the work of the province at the beginning of the new year. The purpose for us to hold this forum is to listen to the views and suggestions of experts and learn about the situation in order to make our work successful. [passage omitted]

Participants at the forum aired their views freely, conscientiously analyzed the forms of theories, literature, and art, and offered very good opinions and suggestions. The provincial leaders fully affirmed their speeches.

At the end of the forum, He Zhukang said that Jilin had won honor by achieving very good results in theoretical study and cultural and art work. On behalf of the provincial party committee and government, Secretary He extended greetings to the participating experts and scholars and, through them, to literary and art workers and theoretical workers throughout the province. He Zhukang added: Trained personnel are important. We should create a good environment and good conditions for the development of trained personnel. Training and educating people is a very important task with a far-reaching significance. We should not neglect the influence of negative factors on young people, nor should we underestimate the influence of Western culture. We should exert concerted efforts and give correct guidance to enable theories, literature, and art to make contributions to our endeavor of building a developed border province near the sea.

Liaoning Secretary Addresses Intellectuals Gathering

SK2801002594 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 26 Jan 94

[Text] The six units, including the organizational, propaganda, united front work, and personnel affairs departments under the provincial party committee; as well as the provincial science and technology commission and association, jointly sponsored a tea party for intellectuals on the occasion of the 1994 Spring Festival on 26 January.

Attending the party were provincial leading personnel, including Gu Jinchí, Quan Shuren, Shang Wen, Xu Wencai, Wen Shizhen, Yu Junbo, Feng Yousong, Xu Tingsheng, Zhang Rongming, and Zhang Chenglun; provincial veteran leaders, including Xu Shaofu, Wang Guangzhong, Ge Xifan, Liu Yiyun, Zhang Yan, and Shen Xianhui; as well as more than 80 representatives of intellectuals.

During the party Gu Jinchí, secretary of the provincial party committee, delivered a speech in which on behalf of the provincial party committee and the provincial people's government he first extended heartfelt regards and lofty respect to specialists, scholars, and intellectuals working on various fronts and in various fields. Gu Jinchí said: The broad masses of intellectuals are forces relied upon by our country in conducting socialist undertakings and also the important forces of conducting reform, opening up, and economic construction. He urged the broad masses of intellectuals to bring their enthusiasm and creativeness into full play, to turn as soon as possible the scientific and technological results into practical productive forces, and to make more contributions to accomplishing the second-phase pioneering work. He also urged party committees and governments at all levels to continuously and correctly implement in an overall way the policy on intellectuals by grasping the central tasks of respecting knowledge and talented personnel. They should often listen to the opinions, suggestions, and voices raised by the broad masses of intellectuals and bring into full play their important advisory role in making scientific policy decisions and in participating in or discussing governmental and political affairs. The departments of organizations, propaganda, personnel affairs, and united front work; as well as science and technology commission and association should realistically assume their own responsibility and make concerted efforts to intensively encourage the society as a whole to support the work on intellectuals' affairs and to vigorously create a new situation in the work in this regard.

Liaoning Abolishes Mandatory Targets for Industry

OW2801080294 Beijing XINHUA in English 0735 GMT 28 Jan 94

[Text] Shenyang, January 28 (XINHUA)—Northeast China's Liaoning Province, a major heavy industrial

base, has abolished its 40-year-old practice of imposing mandatory production targets on industrial enterprises, according to an announcement here today.

In the early years of the founding of the People's Republic of China the government designated 156 key construction projects, 24 of them in Liaoning.

At one time 80 percent of the province's industrial production was decided by state mandatory plans.

But since 1985 the province has gradually cut the portion of mandatory industrial production, along with the rapid progress of the reform and opening drive nationwide, especially the adoption of a market economy.

The industrial production based on mandatory plan was cut to 36 percent in 1992, and further down to 12 percent last year.

With the abolition of the mandatory plan for industrial production, the provincial government has to adjust its function from issuing orders to providing services for industrial enterprises.

By studying industrial policies and market changes, the government has strengthened macroeconomic control over industrial enterprises.

This measure is aimed at pushing enterprises onto the market.

This may bring about some difficulties for some of them, but the majority welcome the new move, according to officials with the provincial planning committee.

Liaoning Makes Progress in Improving Old Enterprises

OW2801085194 Beijing XINHUA in English 0753 GMT 28 Jan 94

[Text] Shenyang January 28 (XINHUA)—Northeast China's Liaoning Province, the largest industrial center in China, has made big progress over the past year in transforming its old enterprises, according to the provincial Economic Committee.

An official from the committee said that the province transformed more than 3,000 old enterprises last year, among which 365 were large and medium-sized ones, about one third of the province's major enterprises.

Liaoning, one of China's most important industrial bases since the founding of the People's Republic of China in 1949, has turned over to the state more than 170 billion yuan in taxes over the last four decades.

But recent years have shown that Liaoning's enterprises have failed to meet the country's accelerated modernization drive, as they are plagued by problems of aging equipment and outdated technologies.

Statistics show that by the 1990s only 32.5 percent of the equipment installed in the province's enterprises

reached the 1980s standard, lower than the national average and about 20 percentage points lower than some of the country's prosperous provinces.

Cao Guixin, director of the committee, said that Liaoning has launched a campaign to import foreign capital and technologies to help transform the aged enterprises.

Last year alone more than 100 large and medium-sized enterprises were reformed with foreign funds. In Dalian, a major port city of the province, 11 machinery and chemical enterprises and 17 electronics enterprises were successfully updated, the official said.

He also said that in 1993 Liaoning sponsored several large economic and trade fairs overseas, through which the province established direct relations with many foreign financial groups and large companies.

According to statistics, Liaoning has invested 5.69 billion U.S. dollars in transforming old enterprises, including 2.19 billion U.S. dollars in foreign capital.

Cao said that co-operation with other countries and regions in the transformation drive has eased the money shortages which have plagued these enterprises for decades as well as introduced advanced foreign management into the old enterprises.

The official assured that this year Liaoning will upgrade its backbone industries, major products and key enterprises through utilizing more overseas high-technology and capital.

Northwest Region

Qinghai Implements Measures To Control Prices

HK2701082094 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 23 Jan 94

[Excerpts] A provincial meeting on commodity prices was held in Xining on 21 and 22 January. The meeting analyzed commodity prices in the province and discussed a detailed program on further carrying out price reform, strengthening macrocontrol and regulation, and controlling price hikes. Vice Governor Liu Guanghe addressed the meeting.

He said: Last year the province implemented some price reform measures, as a result the price structure was further adjusted. This played a positive role in stimulating production, invigorating the circulation field, making the market prosperous, and propelling economic development. But there were also price increases in the province's economic operations. This mainly found expression in excessive price hikes after July, which caused an annual increase of 12.3 percent in commodity prices. [passage omitted]

Liu Guanghe continued: This year is a year of making overall progress and breaking through focal points in economic structural reform and is also a crucial year to fulfill the Eighth Five-Year Plan. To maintain social

stability and ensure the healthy development of reform, opening up, and economic construction, the provincial party committee and government demand that price increases in retail sales of commodities in society be controlled at approximately 10 percent. To achieve this end, the following points should be given attention.

First, proper management should be exercised over the momentum of reform. In accordance with central uniform arrangements, the province's main task in deepening price reform is to relax control over the prices of competitive commodities under the precondition of maintaining a relatively stable total price level, to rationalize the small number of commodity prices and service charges fixed by the government, to gradually abolish the two-track system for prices of production materials, to speed up the marketization of production factors, to establish and improve the reserve system for important commodities, and to control their market prices. [passage omitted]

In principle, no locality or department should introduce new price increases; if any price increases are to be introduced, these should be submitted to the provincial price bureau for approval.

Second, macrocontrol and regulation should be strengthened and excessive price hikes should be controlled. A reserve system should be established for major commodities. [passage omitted]

Strontium Deposit Found in Qinghai's Qaidam Basin

OW2701092994 Beijing XINHUA in English 0855
GMT 27 Jan 94

[Text] Xining, January 27 (XINHUA)—Geological workers in northwest China's Qinghai Province have recently discovered a strontium deposit in the Qaidam Basin.

Situated in the northwest part of the Qinghai-Tibet Plateau, the Qaidam Basin in Qinghai Province is one of China's four inland basins, and its deposits of sodium, potassium, magnesium, lithium and bromine rank first in the country.

Jin Wanfu, chief engineer of the Geological and Mining Bureau, said the strontium deposit added greatly to the value of the basin.

He said that the strontium deposit found in the basin amounts to more than 18 million tons.

He said that the deposit is near the surface and easy to extract.

Strontium is one of the materials for making electronic video tubes and strontium products are in strong demand at home and abroad.

Qinghai Province has now set up a national strontium salt production association to coordinate the processing of strontium products in the country.

Geologists have also discovered a 1,100-square-kilometer lake containing strontium. About 20 million cubic meters of the water can be made use of annually.

Xinjiang's Amudurexiti Addresses Meeting

OW2701050794 Urumqi Xinjiang Television Network
in Mandarin 1330 GMT 24 Jan 94

[From the "Xinjiang News" program]

[Text] The Sixth Enlarged Plenary Session of the Fourth Xinjiang Autonomous Regional CPC Committee met this morning. Song Hanliang, secretary of the autonomous regional party committee, presided over the meeting. Leading Comrades Abulaiti Amudurexiti, Zhang Fusen, Jin Yunhui, Wang Lequan, Keyum Bawudun, (Guo Gang), Zhou Shengtao, Hailiqiemu Silamu, Pan Zhaomin, and (Li Fengzi) attended the meeting. [Video shows closeup and medium shots of Abulaiti Amudurexiti, Zhang Fusen, Jin Yunhui, Wang Lequan, Keyum Bawudun, (Guo Gang), Zhou Shengtao, Hailiqiemu Silamu, Pan Zhaomin, and (Li Fengzi), and wide shots of several hundred attendees in a hall, as well as closeups of Abulaiti Amudurexiti delivering a speech]

Abulaiti Amudurexiti, deputy secretary of the autonomous regional party committee and acting chairman of the autonomous region, delivered a report entitled "Comprehensively Implement the Guidelines of the Third Plenary Session of the 14th CPC Central Committee and Accelerate Xinjiang's Reform, Opening Up, and Modernization."

He said: In 1993, the people of all nationalities in Xinjiang thoroughly implemented Comrade Deng Xiaoping's important talks and the guidelines of the 14th national party congress and actively carried out the tasks put forward by the fifth enlarged plenary session of the fourth autonomous regional party committee. Our economy continued to maintain a fairly high growth rate. The gross product for 1993 is expected to be 37.7 billion yuan, or up about 10 percent from 1992. The autonomous region enjoys economic development, political stability, unity between nationalities, and social progress. The general situation is good. However, we have soberly realized that while other parts of the country are accelerating their reform and development, the gap between Xinjiang and the interior and coastal provinces and regions is constantly widening. This year is a year of reform, and the state is comprehensively promoting fiscal and tax, banking, investment, and planning systems reforms. We are facing a rigorous test in accelerating the establishment of a socialist market economic structure. We must strive to adapt ourselves to the situation. Party committees and governments at all levels should fully understand the situation, formulate

concrete measures while considering realities, turn passivity into activity, and change unfavorable conditions into favorable ones. At the same time, we should know that during the shift from the old to the new structure, new circumstances and new problems will inevitably emerge in our economic and social life, and they will create some difficulties for our work.

Abulaiti Amudurexiti said: In light of the new situation created in the process of establishing a socialist market economy and taking Xinjiang's specific conditions into consideration, our guiding ideology for accelerating economic development is: Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, we will implement in an all-around way the guidelines of the 14th National Party Congress and Third Plenary Session of the 14th CPC Central Committee; take reform as an impetus to focus our efforts on development; make use of our favorable natural resource conditions to adjust our industrial structure; open ourselves wider to the outside world; and increase economic efficiency to bring about the rapid and highly efficient development of the national economy [shi xian guo min jing ji kuai su gao xiao fa zhan] and raise Xinjiang's overall economic strength to enable it to enter the level of a comfortable life along with the rest of the country. Based on this guiding ideology, our development strategy is to orient toward three markets, seize three major Opportunities, take advantage of our strong position in two aspects, and achieve breakthroughs in four aspects. Specifically, we must orient ourselves toward the domestic and international, as well as Xinjiang's regional markets; seize the Opportunities brought by a national policy of encouraging industrial development in Western China, by the completion of the second Eurasian Continental Bridge, and by the development of our petroleum industry; take advantage of our strong position in natural resources and in geographical location; and achieve breakthroughs in the transformation of traditional industries by focusing primarily on improving state-owned large and medium-sized enterprises and changing enterprise operating mechanism, in the development of the local economy by concentrating on mass-scale agriculture and secondary and tertiary industries, in foreign trade and international economic and technological cooperation by opening our doors wide on every side and diversifying the international market, and in services and other industries related to oil exploration and development. From now

on, we need to concentrate on carrying out the following tasks: Continue to strengthen the position of agriculture as the foundation of the economy, and accelerate the development of agriculture and the rural economy; vigorously develop the rural economy and revitalize the local economy by focusing on secondary and tertiary industries; step up the construction of infrastructure and basic industries to improve our ability to achieve sustained economic growth; accelerate technological transformation of our enterprises by orienting ourselves toward the market; open wider to the outside world and do a good job in foreign trade and economic relations; step up the development of oil and other industries in which we have strong resources to promote local economic development; and show concern about the masses' well-being and bring tangible benefits to them.

Speaking of all-around in-depth reform to increase the motive force and vitality of economic development, Abulaiti Amudurexiti said: We must further emancipate our minds, change our way of thinking, and based on the tasks laid down in the decision of the Third Plenary Session of the 14th CPC Central Committee, keep in step with the rest of the country in terms of the general reform programs while boldly blazing new trails and advancing in a pioneering spirit to tackle major problems of economic development in light of Xinjiang's reality. We must earnestly conduct experiments to build a modern enterprise system and carry out basic work to change the operating mechanism of state-owned enterprises. We must change the government's functions, strengthen and improve our ability to macroeconomically adjust and control the regional economic operation. We must step up the cultivation and development of a regional market system based primarily on the market of essential factors of production. We must deepen our foreign trade structure and open ourselves wider to the outside world. We must continue to deepen rural reform and establish a rural economic operation and management system that meets the requirements of a socialist market economy. We must step up the reform of our social security and housing systems to create a favorable condition for our region's reform to advance in depth and breadth. We must further deepen our scientific and technological and educational structural reform.

Abulaiti Amudurexiti also gave specific instructions on earnestly strengthen party leadership to ensure the smooth progress of reform, opening up, and modernization.

Spokesman Criticizes 'Holiday-Making Diplomacy'

OW2801114194 Beijing XINHUA in English 1122
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—The Chinese Government stands firmly opposed to the official contact between Taiwan and countries having diplomatic relations with China, a Chinese Foreign Ministry spokesman said here today.

When asked to comment on the plan by Li Teng-hui of Taiwan to "spend his holiday" in some Southeast Asian countries in February, he said "we are very concerned about it."

Recently, the spokesman noted, the Taiwan authorities have been trying to develop 'substantive relations' with some countries by spending holiday and paying private visits there, which is what they call 'holiday-making diplomacy'." [no beginning quotation mark as received]

By so doing, he said, they attempt to squeeze into some international and regional organizations and seek the status of a "political entity". Therefore, under whatever names and in whatever forms, Li Teng-hui's visits to those countries cannot cover up his political intention and the official nature of such visits, he added.

He stated that the Chinese Government stands firmly opposed to the official contact between Taiwan and countries having diplomatic relations with China.

We hope the countries concerned would cherish the fruits of the all-round development of their relations with China and be alert to the political intention of the Taiwan authorities so as to protect the friendly relations and cooperation between China and those countries from being disrupted and jeopardized," the spokesman said.

ARATS Deputy Chief Reviews Work in 1993

HK2701010794 Beijing ZHONGGUO XINWEN SHE
in Chinese 0952 GMT 12 Jan 94

[By reporters Zhang Lei (1728 7191) and Zhou Jianmin (0719 1696 7044)]

[Text] Beijing, 12 Jan (ZHONGGUO XINWEN SHE)—When delivering a 1993 yearend executive report before the directors of the Association for Relations Across the Taiwan Strait [ARATS], Tang Shubei, executive vice chairman of ARATS, said: In the past year there has been new progress in ARATS' contact with the Straits Exchange Foundation [SEF]. Apart from consultations, SEF personnel came to the mainland for observation, exchange, visiting relatives, and sightseeing in 17 groups. Among them, there were six independently organized groups for sightseeing and cultural study. ARATS, together with other relevant departments, received the following groups which the SEF organized or participated in organizing: The "cultural observation group,"

"tourist environment study group," "Three Gorges cultural assets study group," and the "college youth delegation." ARATS and the SEF assisted the relevant departments and organizations in organizing children from both sides to express their understanding of Tang poetry in the form of paintings, and in sponsoring the sports exchange event of "race for the health of the Chinese."

Tang Shubei mentioned that, entrusted by relevant departments, the ARATS asked the SEF to assist in bringing 11 exchange projects to Taiwan. The highlights included: Beijing People's Artistic and Theatrical Company and Beijing Youth Song and Dance Ensemble giving performances in Taiwan, and XINHUA News Agency and ZHONGGUO XINWEN SHE reporters covering the 14th Kuomintang Congress in Taiwan. The study group comprising persons in charge of mainland media organizations organized by ARATS is visiting Taiwan at the moment. ARATS is now making active preparations for mainland youth and senior reporters to visit Taiwan, in accordance with the provisions of the "Joint Agreement of the Wang-Ku Meeting." It has repeatedly approached the SEF by letters expressing the wish that the latter would help make it possible for mainland industrial and commercial entrepreneurs to visit Taiwan for observation and study. We hope the relevant authorities in Taiwan will go with the tide and lift the ban on the exchange between industrial and commercial entrepreneurs across the strait at an early date.

In their routine contacts with the SEF, consulting each other on, and handling, the concrete affairs in the contact between the compatriots on the two sides has been an important aspect. Tang Shubei said: From January through December last year the two associations exchanged 1,249 letters (963 from the SEF to ARATS and 286 from the ARATS to SEF), which discussed 369 issues. We have responded to almost all the letters from the SEF. Some of the matters are still being handled. With the expansion of ARATS's influence, relevant departments and localities have been coming to us, asking us to help promote cross-strait exchange activities or solve some specific problems arising from their contacts. Last year we were entrusted to carry out negotiations with the SEF in handling 70 matters, of which 56 have been handled by us. These include: Returning Taiwan soldier Tsai Cheng-ta [5591 2398 6671] who had been rescued from a dangerous situation, rescuing the crew of the mainland's "Zhong Yuan Fishing Boat No. 905," and assisting the relevant authorities in a successful mediation in the environmental dispute involving "Lu Ta Industries Incorporated," a Taiwan-funded enterprise in Xiamen. All those efforts generated a positive effect.

Tang Shubei finally said: Last year, ARATS assisted the relevant departments in handling some Taiwan-connected economic and trade disputes, negotiated with the SEF on the handling of Taiwan-bound hijackings by mainland criminals and economic criminals, and made timely and stern representations regarding the barbarous

incident of Taiwan's troops stationed on outlying islands dispersing and firing at coastal fishermen. From last April to now our association has filed 21 incidents involving Taiwan businessmen's rights and interests for handling. So far, after consulting local Taiwan affairs offices and other relevant departments, we have finished handling 13 of them and given feedback to the SEF. Two other cases are being handled at the moment and local Taiwan affairs offices have been asked to continue investigating the remaining six cases. These incidents can be divided roughly into three categories. The first category covers various economic disputes between Taiwan businessmen who were making investments, setting up factories, or engaging in economic and trade activities in the mainland as one party and, as the other party, some local enterprises or institutions. The second category covers incidents in which some Taiwan businessmen were handled according to law by the competent authorities on the mainland side for practicing fraud or maltreating employees. The third category covers cases in which a small handful of Taiwan-funded enterprises had clashes with local public or were harassed or robbed by lawless persons, or the Taiwan investors themselves were beaten up, robbed, blackmailed, or, in one or two cases, murdered. When handling the above-mentioned incidents, ARATS approached and assisted the relevant departments in investigating and handling them in accordance with the applicable laws and policies of the state. Basically, they were all properly handled. Through these efforts, ARATS has accumulated experience in handling Taiwan-connected economic and trade disputes and protecting the rights and interests of Taiwan investors. Also, the influence of the association has been expanded.

Article Reviews Relations With Taiwan in 1993

HK2501133394 Beijing RENMIN SIBAO in Chinese
21 Jan 94 p 10

[By Ding Yi (0002 0044): "Major Headway Made in Cross-Strait Relations in 1993"]

[Text] In 1993 cross-strait relations once again made new breakthroughs and important headway. The main signs are:

—Cross-strait economic links became closer, the number of Taiwan businessmen coming to the mainland for investment greatly increased, and cross-strait trade interactions rapidly developed.

Over the past year, our country's political situation was steady, our society was stable, and our national economy maintained strong growth. Amid various reforms aimed at building the socialist market economic system, investment environment continuously improved. The great potential in economic development and the broad prospects which had been revealed continuously attracted numerous investors, traders, and industrial and commercial entrepreneurs from Taiwan. Investments made by Taiwan businessmen once again greatly increased in

1993, on the basis of 1992, a year in which the number of investment projects and the agreed upon funds all surpassed the sums of former years. According to statistics provided by a relevant department, from January to June 1993 the state approved a total of 4,891 Taiwan-funded projects, and the agreed upon investment funds reached \$4.637 billion, an 187 percent increase and a 251 percent increase respectively over the same period in 1992. A relevant person has estimated that in 1993 newly added Taiwan-funded projects might reach 10,000, and the agreed upon investment funds might exceed \$10 billion, ranking Taiwan second on the mainland in the drive to attract and utilize foreign funds.

Another gratifying change in Taiwan investments in the mainland during 1993 was that investors developed from medium and small enterprises to large consortia and large enterprises, and the investment regions rapidly developed from the coastal areas and large and medium cities to the interior, remote areas, prefectures, counties, towns, and townships. Jiangsu, Shandong, Fujian, Zhejiang, and Guangdong are still the areas attracting most Taiwan investments, while Qinghai and Tibet also succeeded in absorbing and utilizing Taiwan funds for the first time. Taiwan-funded enterprises can be found in every province, autonomous region, and municipality in the country. Many large consortia and enterprises in Taiwan rushed to the mainland for inspections and talks, and this undoubtedly created a broader perspective for Taiwan businessmen to invest in the mainland. Public opinion on the island held that "it was the largest scale in collectively going to the mainland for investments" since the Taiwan authorities lifted the ban on contacts with the mainland in 1987.

In the area of cross-strait trade, according to the statistics provided by the relevant department, from January to September 1993 the total trade volume between the two sides passing through the entrepot of Hong Kong reached \$6.39 billion, a 21.18 percent increase over the same period in 1992. The supplementary and reciprocal feature of trade and economic development across the strait has already become a common understanding on both sides. In order to further promote economic cooperation between the two sides of the strait, at the end of last year the Standing Committee of the National People's Congress [NPC] began to discuss the "PRC Law on Protecting Investments by Taiwan Compatriots (draft)." It can be predicted that once this bill is adopted and implemented, it will greatly promote cross-strait trade and economic development in the direction to standardization and institutionalization.

—The coming and going of personnel across the strait became more frequent, the level continuously rose, and various exchanges continuously expanded, bringing in a new phase in which the two sides of the strait carried out special discussions and academic research together on various domains such as politics, economy, science, technology, education, culture, and society.

According to the statistics provided by the relevant department, from January to September 1993 1.155 million Taiwan residents visited the mainland, and the figure is expected to top 1.6 million for the whole year, thus greatly surpassing the 1.36 million in 1992, whereas the cumulative sum in the past six years would exceed 5 million people. The number of mainland residents going to Taiwan also rose greatly. According to statistics, 3,309 persons went to Taiwan in 1993 for various exchange activities, 3.6 times the figure of 926 in 1992.

The two prominent characteristics of the coming and going of personnel are the great increase in number and the continuous upgrading of level. In June 1993 the Taiwan authorities, succumbing to the pressure of opinions from various quarters, could not but allow Zhang Kehui, member of NPC Standing Committee and president of All-China Federation of Taiwan Compatriots, to hasten home to Taiwan for the funeral of his parent, and this was a breakthrough in the visits to Taiwan by senior personnel from the mainland. The visits to Taiwan for exchanges activities by well-known mainland personnel such as Wang Fosong, vice president of the Chinese Academy of Sciences; Liu Ji, vice president of the Chinese Academy of Social Sciences; He Zhenliang, president of the Chinese Olympic Committee; Wang Meng, former culture minister; Ying Ruocheng, former vice minister of culture; and Bao Yujun, deputy editor in chief of RENMIN RIBAO, all aroused greater responses on the island.

The number of senior personnel coming from Taiwan to the mainland for exchange activities also markedly increased over 1992, and among them were "members of the National Assembly," "members of the Legislative Yuan," "adviser to the presidential palace," members of the Standing Committee of the Central Committee of the Kuomintang, and main leaders of other political parties. Seeing for oneself is a hundred times better than hearing from others. The frequent exchanges of personnel across the strait and the upgrading of level are helpful to enhancing mutual understanding between the people on both sides of the strait, as well as among persons of various circles of the society, so that they can foster compassion and increase consensus. Their significance and influence are obvious and profound.

When the coming and going of personnel from both sides of the strait became more frequent, various exchanges across the strait also continuously expanded and deepened, scoring rich results. Last year, apart from the bilateral exchanges in the domains such as culture, education, science, technology, film, television, news, and health, which continued to develop, other domains such as religion, tourism, architecture, finance, securities, land management, sports, and social customs also realized bilateral exchanges. What must be mentioned in particular is cultural exchange, which involved a large number of people and large projects, and had good effects. The performances by the China School of Beijing Opera, the Beijing School of Beijing Opera, Sichuan's Sichuan Opera Troupe, Hubei's Hankou Troupe, Beijing

People's Arts Troupe, and Young Chinese Arts Troupe, as well as the exhibition of wood and clay figures of ancient warriors and horses, the exhibition of the jade clothes sewn with gold thread, the visit by Yunmen Dance Performing Troupe to Taiwan, and the first cross-strait movies show all had great impacts and changed the past pattern whereby Taiwan pop singers "dominated" the mainland. The cultural exchanges between the two sides of the strait are developing in the multilevel, multi-domain, and high-taste direction. The success in the cross-strait cultural exchanges illustrated that Chinese culture has tremendous rallying force, and is an important foundation for the two sides of the strait to establish consensus and mutual trust.

Another feature of the continuously deepening bilateral exchanges across the strait last year was that there was an increasing number of various seminars jointly held by both sides of the strait, and the contents became richer and touched on cross-strait relations, as well as economic, industrial, cultural, educational, scientific, and technological topics....The discussions on areas and topics by various quarters from both sides of the strait will undoubtedly play a positive role in developing cross-strait economic, social, and cultural ties, and in strengthening the links and interactions among various circles on both sides of the strait. They can also enlighten both sides when they sit down for consultations and negotiations, and seek peaceful reunification of the country.

—Smoothly holding the "talks between Wang Daohan and Koo Cheng-fu," realizing official contacts and discussions between the senior-level persons of the nongovernmental domain, and making an historic and important step forward in the development of relations between the two sides of the strait.

The "Wang-Ku talks" were the most eye-catching event in the development of relations between the two sides of the strait in 1993. It was held at the end of April last year in Singapore, after efforts made jointly by both sides. It was the first meeting of the most senior persons of the empowered nongovernmental organizations on both sides of the strait, as well as the first open contact and discussion between the senior-level persons in nongovernmental capacity in more than 40 years. It had great significance and profound impact, and it drew a widespread attention from both sides of the strait and the international community.

As part of that nongovernmental, economic, routine, and functional meeting, basing themselves on the spirit of mutual respect, of consultation on equal footing, of being practical, and of seeking common point while allowing differences, both sides seriously discussed the relevant problems, reached consensus on many areas, and signed the four documents of the "Wang-Ku Talks Joint Accord," the "Agreement on Ties and System of Talks Between the Association for Relations Across the Taiwan Strait [ARATS] and the Strait Exchange Foundation [SEF]," the "Agreement on Examination and

Verification of Notarial Deeds in Use on Both Sides of the Strait," and the "Agreement on Cross-Strait Enquiry Into Registered Mail and the Matter of Compensation," scoring results which satisfied both sides. The complete success in this round of talks played a positive role in promoting forward development of cross-strait relations and in fostering peaceful reunification of the country. President Jiang Zemin spoke highly of it, and he said: "The Wang-Ku meeting is successful and fruitful, signifying that the development of cross-strait relations has made a historic and important step."

In order to thoroughly implement the relevant agreements reached by the talks, the ARATS and SEF held work meetings in late August, early November, and mid-December in Beijing, Xiamen, and Taipei. Both sides discussed the matters such as repatriation of personnel, fishing disputes, repatriation of hijackers, and the way to arrange trips for the work personnel from the ARATS and SEF. Both sides also exchanged ideas and reached some consensus on protecting the rights and benefits of Taiwan investors on the mainland, as well as the related problems, and on the issue of visits by the persons of industrial and commercial circles from both sides of the strait. This enabled the routine talks between the two sides of the strait to be further deepened.

—The publishing of the white paper on "The Taiwan Question and China's Reunification," has for the first time systematically and openly explained the cause of the Taiwan question, its current situation, and the crux of the problem. It also explained the Chinese Government's position, idea, and basic policy on solving the Taiwan question.

The white paper resolutely safeguarded state sovereignty and territorial integrity, sternly refuted the fallacious theories such as "two Chinas," "one China, one Taiwan," and "Taiwan independence." The white paper also clearly pointed out: "The wishes of Taiwan compatriots to become masters of their homes and to administer Taiwan are reasonable and proper, and this is not like 'Taiwan independence' and they are basically different from a very small handful of those who insist on following the road of 'Taiwan independence.'" The white paper, after being published, aroused enthusiastic responses in the international community and on the island of Taiwan, and scored very good results. It has already produced—and will continue to produce—a more profound impact on the development of cross-strait ties and reunification of the country.

In conclusion, 1993 was a year in which the development of cross-strait ties made a new breakthrough and important headway. The situation continues to develop in the direction which is conducive to the peaceful reunification of the country. Over the past year, in order to promote the development of ties across the strait and to realize peaceful reunification of the country sooner, the CPC and the Chinese Government adopted a series of important measures to promote various exchanges and interactions across the strait, as well as nongovernmental

contacts and talks, and to promote direct "three links," winning the support and approval from people on both sides of the strait. At the same time, the Taiwan authorities also further lifted certain restrictions on cross-strait exchanges and interactions, and adopted some measures which helped fostering communications and understanding, and this is in accordance with the wishes and interests of the people in the whole country, including the compatriots in Taiwan, and this is also conducive to the benevolent development of ties between the two sides of the strait.

However, over the past year, the development of relations between the two sides of the strait still experienced some twists, turns, obstructions, and variables. The main reason rested on the island of Taiwan. Over the past year, the struggle among various political forces on the island intensified, in particular, the Taiwan authorities advocated "participation in the United Nations," put forward so-called "phase-nature policy of two Chinas," and fell back on the one-China position, while the trend of thought of "Taiwan independence" ran rampant on the island. This produced unfavorable influence on the development of cross-strait ties, and met with the strong opposition from the people on both sides of the strait, as well as from Overseas Chinese. There is only one China in this world, and Taiwan is an inseparable part of Chinese territory, any attempt to pursue "two Chinas" "one China, one Taiwan," or "Taiwan independence" cannot succeed.

Although things are not always smooth in the course of reunification of the country, reunification of the country accords with the will of the people, and this general trend of history is one which cannot be changed by any force. We believe that in the new year, cross-strait ties will continue to have a bigger development, and cross-strait interactions and cooperation will still maintain the tendency of rapid development. We hope that, proceeding from the basic interest of the Chinese nation, the Taiwan authorities will continue to uphold the principle of one China, further remove various artificial obstacles to political contacts and negotiations between the two sides of the strait, and do more practical things in order to develop cross-strait relations and foster reunification of the country.

Mainland 'First Choice' For Taiwan Investment

*HK2601062294 Beijing ZHONGGUO XINWEN SHE
in Chinese 1312 GMT 13 Jan 94*

[Excerpt] Hong Kong, 13 Jan (ZHONGGUO XINWEN SHE)—According to a report from Taipei, Taiwan's "Investment Examination Committee of the Ministry of Economy" said yesterday that last year the committee had approved a total of over \$3.16 billion of investment in mainland China by Taiwanese businessmen, and the amount ranked first in external investment by Taiwan businessmen.

An official concerned of Taiwan's "Investment Examination Committee of the Ministry of Economy"

admitted that although Taiwan businessmen increased their investment in Southeast Asia, they had invested more in the mainland. This shows the mainland remains the first choice for Taiwan businessmen investing outside the island. [passage omitted]

Oil Corporation To Work With Taiwan in Exploration

OW2401080194 Beijing XINHUA in English 0723
GMT 24 Jan 94

[Text] Beijing, January 24 (XINHUA)—The China National Offshore Oil Corporation (CNOOC) has expressed willingness to co-operate with its counterparts from Taiwan in offshore oil exploration and development, an informed source said here today.

Chen Bingqian, CNOOC's vice-president, was quoted as saying the two sides can join their efforts in "whatever forms are acceptable to both."

He made the remark at a meeting with a delegation from Taiwan's China Technical Consultants, Inc., whose members are mainly from Taiwan's China Petroleum Corporation.

Chen told the delegation that CNOOC has forged links with leading oil producers all over the world in the past decade and struck 95 contracts and agreements with 54 oil companies from 13 countries on offshore oil development.

However, he said, "It is a great pity that our counterparts across the Taiwan Straits have been deprived of such opportunities."

The 11-member team from Taiwan is visiting the mainland to study the petroleum and petrochemical industries in the coastal areas and seek ways to co-operate.

Chen said co-operation between the mainland and Taiwan can take many forms. The CNOOC can co-operate with the Taiwan corporation directly or with its overseas subsidiaries; it can co-operate with conglomerates grouping the Taiwan corporation's overseas subsidiaries and foreign companies; and it can also co-operate

with independently-registered overseas companies formed by the Taiwan corporation and foreign firms, he proposed.

He welcomed the corporation to render technical services for the offshore operations carried out by the CNOOC and its foreign partners.

The two sides can concentrate co-operative efforts on oil exploration in the Taiwan Straits, the southwestern offshore basin of Taiwan and the Chaoshan Depression, blocks in the East China Sea and other offshore areas of interest, he added.

The vice-president also briefed the delegation on the development of the CNOOC and its co-operation with foreign oil companies at the request of the guests, the informed source said.

The delegation, at the invitation of the China Petrochemical Corporation (Sinopec), arrived in Beijing January 6 to start a month-long survey of oil and gas exploration and development, oil refining, and the production and sale of petrochemical products in the coastal areas.

According to the source, the team members showed enthusiasm in raising questions and seeking co-operative projects.

The two sides reached agreement on enhancing exchanges across the Straits to end more than 40 years of isolation and find new ways for co-operation.

Chen also asked the delegation to convey the greetings of CNOOC President Wang Yan to the heads of the Taiwan corporation, and said he hoped for early formal high-level contacts between the two sides.

It was reported that the Taiwan corporation's leadership has announced considering flexible approaches for cross-Straits co-operation and has been working actively in this regard.

The source said many indications suggest a softening of Taiwan's policy on investment flow to the mainland, which gives rise to a "cautiously optimistic prospect" for co-operative oil exploration.

The delegation is scheduled to end its survey February 5 before returning to Taiwan.

Government To 'Postpone' Arms Purchase From U.S.*OW2401053294 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 22 Jan 94*

[From the "Hookup" program]

[Text] Informed sources today [23 January] confirmed a report in the U.S. NATIONAL DEFENSE NEWS WEEKLY concerning Taiwan's arms procurement. According to the report, Taiwan, bowing to the Legislative Yuan's demand for low-priced high technology and expanded participation of domestic industrial sectors, has decided to temporarily postpone the purchase of M-60 tanks and other weapons from the United States.

Taiwan is no longer an enthusiastic patron who would unconditionally buy all U.S.-made weapons on the list, and this is the first time in several decades that Taiwan has postponed the purchase of arms already approved by Washington for export, reported the weekly.

The weekly's report says: At a secret meeting between the two sides at the Pentagon 5 January, officials from Taiwan's Defense Ministry disclosed that they must temporarily postpone the purchase of M-60 tanks and about two squadrons of T-38 trainer aircraft. In addition, due to domestic pressure, the Defense Ministry may temporarily postpone the purchase of at least two major equipment systems already approved by Washington for sale to Taiwan. Included in the purchase is an improved antiaircraft system valued at about \$1 billion. According to the officials, Taiwan has postponed the purchase of arms because of the increasingly tight defense budget and growing pressure from the Legislative Yuan which is demanding that it examine each and every major arms purchase project.

Christian Democrats Urge Better Ties With Taipei*OW2601074694 Taipei CNA in English 0714 GMT 26 Jan 94*

[By Gabor Kurti]

[Text] Budapest, Jan. 26 (CNA)—The Vice President of Hungary's Christian Democratic People's Party (CDPP) has called for expanded relations between Hungary and Taiwan.

"We insist on the earliest possible opening of the Hungarian trade and cultural office in Taipei," CDPP Vice President and Member of Parliament MIKLOS HASZNOS said after returning from a weeklong visit to Taiwan.

Hasznos and Bela Csepe, leader of the parliamentary faction of the CDPP recently traveled to Taipei to boost bilateral ties between Budapest and Taipei.

Hasznos told CNA Budapest that they wanted to discuss how to speed up the opening of the office with Minister of Foreign Affairs Geza Jeszenszky. He said it was in Hungary's best interests to have the office open sometime this year.

Hasznos pointed out that development of economic and cultural cooperation with Taiwan should be a natural process and could not be seen by Beijing as an unfriendly step.

However, he added, office rent was very high in Taipei, and those costs have not been included in Hungary's state budget this year. Hasznos and Csepe explained to their hosts in Taipei that the Hungarian representative office would be open sooner if the Taipei Government understood the financial difficulties and put government owned real estate at Hungary's disposal or made a cheaper rent possible for the first year.

The politicians recalled their visit to Kuomintang headquarters where they had emphasized the similarities between the Taiwan ruling party and the Hungarian Christian Democrats. These similarities would facilitate mutual understanding.

"We are both conservatives, nationalists, and anti-Communists," he said.

Economic relations should be expanded, he explained. "More exchange of information is needed," stressed Hasznos. In his view cooperations could also explore barter trade because both sides have products necessary to the other one.

He thinks that Taiwan tourism to Hungary should also be developed. He will encourage travel agencies to send information to and make bids in Taipei. A good tourism relationship would help boost Taiwan tourists to Expo 96, to be held in Budapest, he noted.

BOFT Notes Trade Dependence on Mainland Market*OW2501074094 Taipei CNA in English 0700 GMT 25 Jan 94*

[By Danielle Yang]

[Text] Taipei, Jan. 25 (CNA)—Trade with Mainland China accounted for 9.27 percent of Taiwan's total foreign trade during the first ten months of 1993, an indication that Taiwan is becoming even more dependent on the mainland market, a Board of Foreign Trade (BOFT) official said Tuesday [25 January].

During the January-October period of 1993, cross-Taiwan Strait trade totaled US\$12.52 billion, the official said, adding that Taiwan's foreign trade totaled US\$135 billion during the period.

However, statistics released by Hong Kong customs showed trade with Mainland China via Hong Kong totaled only US\$7.16 billion, up 20.05 percent over the same period of last year.

Exports to the mainland via Hong Kong grew 24.1 percent over 1992 tallies to reach US\$6.26 billion during

the period. While imports from Mainland China through the British colony totaled US\$900 million, down 2.13 percent.

However, if statistical differences between Hong Kong and BOFT figures are taken into account, Taiwan's exports to Mainland China reached US\$11.62 billion during the period, accounting for 16.41 percent of total exports.

Hong Kong

PRC Official Says Row To Damage Sino-British Trade

HK2801092294 Hong Kong AFP in English 0912 GMT 28 Jan 94

[Text] Beijing, Jan 28 (AFP)—The Sino-British row over Hong Kong is sure to harm bilateral trade ties, Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi said here Friday. "The unfriendly and uncooperative move by the British side will certainly effect normal trade," Wu said referring to Hong Kong Governor Chris Patten's proposals for democratic reform in the British territory prior to its reversion to China in 1997.

Two-way trade between China and Britain actually surged 86 percent last year to 3.59 billion dollars and Wu said China would be unhappy to see the deterioration of a trading partnership with such potential. However, she put the blame for the ongoing dispute squarely at Britain's door, saying: "It is not the responsibility of the Chinese side."

Continued Reports on Hong Kong Airport Project

Officials Urge Talks With Beijing

HK2601123594 Hong Kong AFP in English 1142 GMT 26 Jan. 94

[By Robert MacPherson]

[Text] Hong Kong, Jan 26 (AFP)—Hong Kong pressed China yet again Wednesday to stop arguing in public and return to the bargaining table to resolve the vexed issue of financing arrangements for the colony's mammoth new airport.

Financial Secretary Sir Hamish Macleod said he was "disappointed" by Beijing's threat the day before not to honor debts or contracts linked with Chek Lap Kok airport which straddle 1997, when Hong Kong reverts to China.

"We are quite sure that the best way to make progress on the airport financing issue is to talk about it in the airport committee," Macleod told reporters. "That's the best way of finding a solution."

Government sources, requesting anonymity, spoke more forcefully.

"The statement doesn't change anything at all," one of them said.

"We're single-minded about talking with them before the next crisis occurs ... The longer the delay, the greater the cost for all concerned—especially for Hong Kong."

China has failed to respond to a formal British request on January 17 to reconvene the airport committee of the

Sino-British Joint Liaison Group, charged with overseeing the 20.3 billion U.S. dollar project.

Instead it put out a statement Tuesday damning Governor Chris Patten's administration for securing 1.67 billion Hong Kong dollars (216 million U.S.) in stop-gap financing from legislators to keep the vast project going.

China, it warned, "will not be liable for any expenditure and debt incurred by building the new airport," nor would it honor airport-related contracts or laws straddling 1997—which is also the year Chek Lap Kok is due to open.

Britain agreed in a September 1991 pact to consult China on airport financing, but talks soon fell victim to Patten's effort to make Hong Kong's political institutions more democratic ahead of the 1997 return to Beijing.

Macleod said he drew "some encouragement" from the statement's final paragraph, which stressed that Beijing "has always supported the construction of a new airport in Hong Kong."

But he and other government officials were bewildered by its allegation that the project so far would leave the post-1997 Hong Kong Chinese administration with debts in excess of 45 billion dollars (\$5.82 billion U.S.).

In fact, no money has been borrowed for Chek Lap Kok, one of the world's biggest public works projects, comprising not only the airport, but also a high-speed railway and new highways and bridges.

"They haven't borrowed a single cent yet," the government source said.

Besides, the 1991 Sino-British understanding on which the allegation was based referred to debt raised by the Hong Kong government—not by government-owned corporations that will run the airport and railway.

While the war of words rages on, work continues 24 hours a day—and, officials say, well on schedule—at Chek Lap Kok, an outlying island one hour by boat from central Hong Kong that is shrouded by a fog of dust whipped up by giant yellow bulldozers and dump trucks.

Site reclamation director Frans Uiterwijk told foreign reporters that nearly 40 percent of the site preparation work has so far been completed by a multinational consortium of six companies—including one owned by China.

"For the bulk (of the site work), I don't see any problem," he said, confident that the task will be completed in February 1996—clearing the way for the first of two runways to be laid.

A deep hole the size of several football fields marks where the futuristic terminal building will be, pending foundation work to begin after contracts are awarded in March.

Beijing Said 'Willing To Negotiate'

HK2701070494 Hong Kong SOUTH CHINA
MORNING POST in English 27 Jan 94 pp 1, 2

[By Fanny Wong, Chris Yeung and So Lai-fun]

[Text] China and Hong Kong yesterday narrowed their differences over financing the new airport, with Beijing saying it would be flexible in the amount of borrowings it would allow to extend beyond 1997 and Hong Kong expressing willingness to pump more money into the venture.

Although the two sides fell short of specifying how flexible they might be in the amount of equity injection and debt ceiling, a leading pro-China party yesterday announced its counter-proposal for the Government to inject a total of \$89.2 billion to fund the \$99.2 billion airport and railway projects.

Yesterday's revelation of the counter-proposal by the Democratic Alliance for the Betterment of Hong Kong (DAB) came amid an argument between the two sides on whether China had three months ago put forward a new set of proposals to finance the airport and the rail link.

Government sources yesterday stressed that the last proposal on the table was that sent by the British side at the end of last June and which rejected China's repeated claim that Beijing had sent its counter-proposals to the British side. "The ball is in China's court," a source said.

But a mainland official asserted: "We have made a set of proposals to the British about three months ago.

"They gave no response. Instead, it has time and again sought fundings [from the Legislative Council.] Aren't they going too far?" The official said that China remained committed to the confidentiality rule but it was considering whether to publicise its counter-proposals on the financial package, claiming that the Hong Kong Government had ignored their demands and blatantly violated the airport accord.

But the official also offered a note of conciliation, saying that China was willing to agree to relax the debt ceiling of \$5 billion outlined in the Memorandum of Understanding (MOU) on the new airport plan, despite the tough statement issued by the State Council's Hong Kong and Macao Affairs Office.

Financial Secretary Sir Hamish Macleod also stressed that the Government was ready to show further flexibility in altering its latest financing package to facilitate a final accord.

Expressing disappointment at China's statement that financial or legal obligations not approved by Beijing would be invalid after 1997, Sir Hamish, however said he was encouraged by remarks that China was still open to further talks in the Joint Liaison Group Airport Committee.

"In suggesting a meeting of the Airport Committee [last week] we did make clear at the time to the Chinese side that we were ready to show further flexibility," he said.

Although Sir Hamish fell short of elaborating what flexibility the Government might offer, sources said that the British side was prepared to consider further in creasing the level of equity injections, which stands at \$45.3 billion under the third financing package into the airport and railway plans.

At present, Hong Kong's reserves already topped the \$130 billion mark, said a source. The sources last night rejected the DAB proposal as unrealistic even given Hong Kong's present financial strength. But DAB chairman Tsang Yok-shing will fly to Beijing today and forward their counter-proposal to Chinese authority, confident that China would accept the party's suggestion.

Chinese officials have repeatedly called on the Government to inject more funds to the PAA [Provisional Airport Authority] and MTRC [Mass Transit Railway Corporation] to reduce the debts level, especially in the light of the huge reserves the Government will accumulate in the run-up to 1997.

A mainland official, who preferred anonymity, said: "Our demand is reasonable. The Government is fully capable of increasing the fundings without any difficulty."

He said Beijing has clearly told the British side that they were "willing to negotiate" on the level of government borrowings adding the \$5 billion ceiling laid down in the MOU "can always be negotiated". The official questioned the motives behind the insistence of the Government not to increase its level of injections in spite of the surge in reserves in the next few years.

"Certainly they will continue to make massive spendings. We will tacitly let them make some gains. But they have to have a responsible and reasonable attitude," he said.

The official said the Chinese side has already turned a blind eye to the previous fundings for the PAA because "we cannot simply let the PAA dissolve". "Now they are asking for another \$4 billion. Just look at the items in the funding proposals such as navigation system. Are they so urgently needed?" he asked.

But a government source said yesterday that while the British side was prepared to consider further raising the capital injection from the \$45.3 billion it proposed under the third financing package, such a position did not mean the extra investment should be unlimited.

In considering any further amount of capital injection, the Government had to assess its impact on the reserves and whether it would result in putting excessive funds to the two corporations, thus undermining their alertness in operating with proper financial disciplines, the source said.

UK Accused of Tampering

HK2701100994 Hong Kong WEN WEI PO in Chinese
27 Jan 94 p 2

[Editorial: "How Can the Memorandum of Understanding on the Airport Project Be Tampered With?"]

[Text] A spokesman for the British Hong Kong Government issued a statement yesterday. It contained the following three points: First, it arbitrarily regarded the constantly soaring airport construction costs as "reducing costs" and having achieved "cost control." Second, it regarded the borrowings of the Provisional Airport Authority and the Mass Transit Railway Corporation [MTRC] as conforming to the memorandum of understanding [MOU] on the airport project and the 45 billion dollar debts left to the special administrative region [SAR] as "not government borrowings." Third, it regarded all contracts unilaterally signed by the British Hong Kong Government, which straddle 1997 and which are not approved by the Chinese side, as conforming to the Basic Law and called for SAR government protection.

This is a blatant revelation of the British colonialists' fraudulent diplomatic tricks and serves as lively teaching material in modern bandit diplomacy. When signing agreements with Britain in the future, all governments should be more clever. They should first study clearly how the British Government has failed to keep its word in the past, how changeable it has been, and how it has perpetrated frauds, confounded black and white, and willfully tampered with or distorted agreements, lest they should be taken in.

In the joint declaration and the MOU on the new airport project, the British Government has made a commitment, namely, with regard to all matters straddling 1997 which require the SAR government to take responsibilities and fulfill obligations and which involve the transfer of power, China and Britain must first discuss and examine them, reach a consensus, and come to an agreement. How can it now say that, in the absence of agreement from the Chinese side, all contracts unilaterally signed by the British Hong Kong Government can go beyond 1997? If such is the case, is it not possible for the British Hong Kong Government to change the names of the governor as well as the Executive Council into the Hong Kong Administrative and Economic Corporation, and then sign a 53-year contract with Chris Patten to enable him to serve as general manager of the company. In this way, cannot the colonialist governor hang on in Hong Kong for a long time? If the chief secretary, financial secretary, and all departments at the secretariat, directorate, and bureau chief levels can be corporatized in the wake of the Legislative Council hastily passing the so-called "Corporate Regulations," and then the British Hong Kong Government signs contracts on all administrative posts without regard for the nationalities of those holding the posts and gives all of them enormously high salaries and unsupervised power, is it

not possible to extend the British colonial rule forever? Will there still be China's sovereignty over Hong Kong to speak of by 1997? The British Hong Kong Government's theory that "the contracts straddling 1997 which it has unilaterally signed conform to the Basic Law" is, in fact, a British theory of unlimited sovereignty. It totally contravenes the principle of power transfer outlined in the Sino-British Joint Declaration.

The "theory of not government borrowings" is also quite preposterous. We should be thankful to the British Hong Kong Government for advocating at this moment the fallacy that "the Hong Kong Government itself does not incur debts" because it enables people to see clearly the motive behind the British Hong Kong Government move to suddenly change the "Airport Authority" laid down in the MOU into an "Airport Corporation." The secret is that the Airport Authority is still a framework of the Hong Kong Government and that, by changing the signboard and turning it into a corporation, the British Hong Kong Government can sidestep the clause that "government borrowing should not exceed 5 billion dollars" as stipulated in the MOU. This is only a clumsy trick employed by a swindler to escape by a cunning maneuvering. Despite the changes, the "corporation" is still a variety of the Hong Kong government framework. The British Hong Kong Government still wholly owns its assets, works out its regulations as it pleases, and appoints its administrative personnel, and "the corporation can borrow as much as it wants." Unexpectedly, the British Hong Kong Government still says this is in keeping with the MOU and that "this is not government borrowing." Is this not a flagrant violation of international law?

According to international law, the transfer of power must include the transfer of all government assets. Otherwise, it is tantamount to tearing up an agreement on the transfer of power. The assets of the MTRC and the Airport Authority belong to the Hong Kong Government. When money is borrowed with these assets as collateral, it will certainly lead to changes in Hong Kong Government assets. This is the same as government borrowing because the Hong Kong Government must be responsible for the clauses on the borrowing by either making repayments itself or allowing the banks to confiscate the collateral. If the British Hong Kong Government deliberately creates a situation in which the project cannot be finished as scheduled and the MTRC and the Airport Authority are unable to repay debts, the SAR government must inject funds to repay the debts. Therefore, the Hong Kong Government's argument that "this is not government borrowing" is logically untenable.

Even according to the existing common law, a parent company must implement a takeover agreement when the company rights are transferred to a new boss. It should not borrow a lot of money and use it up, still less should it regard the debts of a subsidiary as "having nothing to do with the parent company." The fact that the Hong Kong government spokesman has trampled the law to such an extent can only show that the Hong Kong

Government is in the wrong in terms of legal principle and that it resorts to unilateral, reckless acts in looking for a way out.

In his statement, the Hong Kong Government spokesman has consistently evaded the most substantive issue, i.e. whether it is necessary to abide by the series of agreement reached between China and Britain. It will not do to quibble and make a scene by tampering with the MOU and quietly changing names, for it only serves to lay bare even more the evil intentions of the Hong Kong Government in failing to keep its word. It is clearly stated in the MOU on the airport project: "Debt in excess of 5 billion dollars can only be incurred after both parties reach a consensus on the debt proposal." According to this clause, the British Hong Kong Government cannot borrow in excess of the amount for the airport project, nor can it borrow in excess of the amount in the name of its fully funded and controlled corporations. By refusing to take the correct path of making more capital injections, the British side cannot but come to a dead end.

XINHUA Runs Criticism of British Stance on Airport

OW2701145194 Beijing XINHUA in English 1438
GMT 27 Jan 94

[Text] Hong Kong, January 27 (XINHUA)—Local public figures here criticized the uncooperative attitude of the British and Hong Kong authorities on the construction of a new airport in Hong Kong and urged them to act in accordance with the spirit of the memorandum of understanding signed by Britain and China.

Commenting on the statement issued by the spokesman of the Hong Kong and Macao Affairs Office under the Chinese State Council Tuesday [25 January] this week on the Hong Kong new airport issue, sit Fung Shen, member of the Provisional Airport Authority (PAA) and a professor of the Hong Kong University, said the Chinese side has shown the utmost tolerance toward the British side on this subject.

The British and Hong Kong authorities time and again asked the Finance Committee of the Legislative Council to approve additional funds for individual airport projects before an overall financial plan on the airport construction was reached between the Chinese and British Governments, he said.

Echoed Sit's voice, another PAA member Shiu Sin-por said that now it's not a question of appropriation of funds for individual projects, but lacks an overall financial plan.

The Hong Kong Government failed to put forward a new plan since the third financial plan was turned down by the Chinese side. The delay of raising a new plan made it difficult to re-open another round of Sino-British talks on the airport issue, he said.

Legislator Tam Yiu-chung said, the Chinese side and future Special Administrative Region (SAR) of Hong Kong should not honor the contracts approved by the Hong Kong Government under the circumstance of no overall financial plan.

Fong Wong Dut-man, head of the Economic Group of the Preliminary Working Committee for the Preparatory Committee of the SAR, urged the Hong Kong Government to explain why the loans borrowed or lend by the PAA did not belong to the government loans as declared by the Hong Kong Government a few days ago, since the PAA is an organ entirely funded by the government.

In view of the funds recently sought by the PAA for works on government airport key projects, Fong said, the debt borrowed by the PAA and to be left over to the future government of SAR has exceeded 5 billion H.K. dollars (641 million U.S. dollars).

This runs counter to the stipulation provided in the memorandum of understanding, she added.

Governor To Delay Second Part of Electoral Reform Bill

HK2601041894 Hong Kong SOUTH CHINA
MORNING POST in English 26 Jan 94 p 2

[By Linda Choy]

[Text] Governor Chris Patten said yesterday he would delay introducing the second part of his electoral reform bill so China would have time to change its mind. On his return from London, where he secured the support of the Cabinet, Mr Patten reiterated Britain's will to resume talks with China.

But the British gesture was not greeted by the Chinese side. A senior official of Xinhua (the New China News Agency), Zheng Guoxiong, reiterated the call for the withdrawal of the whole Patten proposal as a prerequisite for China's return to the negotiating table.

Mr Patten said there was a pressing timetable for implementing legislation for the coming elections and a "step by step" approach would give room for further talks. Noting that the Chinese side had changed its mind at the opening of the bilateral negotiations early last year Mr Patten said: "It's giving the Chinese side the time, if they wish to take it, to have second or third thoughts."

Another reason for not moving the second and more sensitive part of the bill was due to the "legislative reality". "I don't think the Legislative Council would welcome it if, while they were considering this bill we were to bring forward another bill," Mr Patten said.

Responding to the Cabinet meeting decision, Mr Zheng said he was not surprised at all by its support for Mr Patten.

Official Says Business To Suffer Without Reform*HK2401082994 Hong Kong AFP in English 0751 GMT 24 Jan 94*

[Text] Hong Kong, Jan 24 (AFP)—Business in Hong Kong will suffer "considerable" costs if a more democratic political system is not put into place before the British colony's return to China in 1997, Governor Chris Patten's second in command said Monday [24 January].

Chief Secretary Anson Chan told a Hong Kong General Chamber of Commerce luncheon that the kind of fair, impartial government that executives now take for granted in this bastion of free enterprise could vanish if reforms are not made soon. "If we were to abandon our efforts to achieve such arrangements, we would be retreating from honest administration and responsible government—and the costs would be considerable," Chan said. "The business community could no longer be certain of a level playing field in which political patronage played no part," she added.

Patten's campaign to extend democracy ahead of 1997 has been coolly received by Hong Kong business leaders, who fear that China's angry response to the initiative will harm their corporations' bottom lines. Patten has put some of his reform proposals before the Legislative Council for passage into law next month, prompting Beijing to warn that British companies will bear the consequences of his actions. The governor was due back from an official visit to London on Tuesday.

Chief Secretary Stresses Business Environment*HK2501064494 Hong Kong SOUTH CHINA MORNING (BUSINESS POST) in English 25 Jan 94 p 6*

["Edited highlights" of speech by Chief Secretary Anson Chan Fang On-sang at the Hong Kong General Chamber of Commerce on 24 January]

[Text] As Chief Secretary, I believe that the Government has four areas of responsibility in which it ought to help to promote our economic success.

Our first task is to ensure that Hong Kong continues to deliver a sound business environment. We know that during the transition to 1997 political change is inevitable. The Government can help the business community to meet this challenge through achieving the highest standards of policy and administration.

—We must manage government finances in a way that delivers high-quality public services without stifling enterprise.

—We must ensure that taxes remain simple and low and that government regulation is equitable and stable.

—We must avoid arbitrary administration which creates uncertainty for investors and encourages corruption.

—We must remain willing as a government to test official policies and proposals against "competition" from the Government's critics, just as business firms pit their products against their rivals.

Our second responsibility is closely linked to the Government's partnership with business and the community at large.

It seems to me vital for our future prosperity that business remains free to defend its own commercial interests. It is equally vital for our stability that the community continues to feel confident that its wider concerns are respected.

For this reason, we must put in place arrangements for the 1994 and 1995 elections which will be fair and open and, at the same time, acceptable to the people of Hong Kong.

If we were to abandon our efforts to achieve such arrangements, we would be retreating from honest administration and accountable government, and the costs would be considerable.

—The business community could no longer be certain of a level playing field in which political patronage played no part.

—The community would no longer be sure that its best interests were paramount.

—The legislature would no longer command the public support needed to challenge the mistakes and misdeeds of the administration.

You might well ask: does all this really matter? Can we not stick to arrangements which served us adequately for so many decades in the past?

The reality is that we have very little choice. For a start, the Joint Declaration and the Basic Law require us to make constitutional changes.

The framers of those documents had the wisdom to see that our political institutions must develop to match the aspirations of a more sophisticated, more affluent and more educated community. They decreed that standing still was not an option.

—Hong Kong today is a sophisticated and prosperous society. We have a highly educated, much traveled and well-informed community that wants to have a say on the way in which it is governed.

—Hong Kong's business community now takes for granted a very high quality of public service, with particular stress on the Government's fair dealing and impartiality. These expectations can only be met convincingly when policy is debated in public by a credible and genuinely representative legislature, and government officials can be called to account for their conduct.

—The international business community regards legislation, regulation and taxation as part of the total competitive environment. Governments are expected to take decisions in these areas through processes which command respect for their integrity and accountability. The political arrangements of the past would have looked increasingly unsatisfactory by these criteria.

I come now to our third responsibility. So far I have talked of partnership in broad terms. But I would like at this point to narrow my focus.

After 31 years as a civil servant, I am fully convinced of the importance of preventing the public sector from crowding out private enterprise.

I believe we have a duty to encourage as much commercial partnership between the Government and the private sector as possible. This principle is particularly important when it comes to creating the infrastructure which Hong Kong will need in the next century.

It would be very easy, given Hong Kong's unbroken record of annual economic growth and regular budget surpluses, for the Government to throw money at our infrastructural problems.

But we must resist any temptation to follow this route, even when politically it seems the attractive thing to do. Instead, we have to take forward our plans for the airport, for port development, for new road and rail transport facilities, in the most cost-effective way open to us.

For those projects which generate their own revenues the Government has to make a vigorous effort to find partners from the private sector to lighten the demands on the taxpayer by providing opportunities for the private investor.

—Only in this way will we ensure that projects are subject to the full discipline of market forces.

—Only in this way can we be sure that rates of return and quality of service are competitive by market standards.

The massive scale of the infrastructural projects which we will undertake in the next few years makes it even more imperative to see that they offer the community the best value for money.

Our fourth and our major responsibility is concerned with the most significant influence on our future: the resumption of Chinese sovereignty in 1997.

I have taken up the post of Chief Secretary with no illusions about the complexity of the challenges which the transition to 1997 must bring. I am, personally, totally committed to a successful transition.

Let me repeat my own conviction that the Joint Declaration's pledge of "one country, two systems" will create

enormous new opportunities for Hong Kong, and for the business community in particular. But it is important that we work together to ensure that this concept can and will be implemented after 1997.

As I have mentioned earlier, both the Joint Declaration and the Basic Law decree that the resumption of sovereignty will be accompanied by the development of our political institutions providing for greater participation by Hong Kong people in managing their own affairs.

Both documents also provide that our social and economic systems, and our life-style, will remain basically unchanged. Indeed, they give firm undertakings to maintain:

—The capitalist economic and trade systems previously practised in Hong Kong;

—The status of a free port and the continuation of a free trade policy, including the free movement of goods and capital; and

—The status of an international financial centre...and a freely convertible currency.

These, and the other pledges set out in the Joint Declaration and the Basic Law, provide me with the necessary reassurance to recommend Hong Kong as Asia's premier business location not just for the present but far into the future.

I am determined during my term as Chief Secretary to make a positive contribution to a successful transition.

No one needs to be reminded of the difficulties we have had during recent years. The transfer of sovereignty was always going to be a difficult enterprise, and one should not be surprised if there are some disagreements along the way.

But, if the present and the future sovereign powers disagree on some things, that is no reason to disagree on everything. Indeed, our record over the last two years has shown how much we and the Chinese Government can agree on, despite our difficulties.

Let me sum up. Hong Kong businessmen have an outstanding track record when it comes to delivering business success. The Government is determined to maintain the conditions which make Hong Kong the ideal place in which to live, work and invest. But we cannot do so on our own. We need to foster a constructive partnership, both with business and with the wider community.

We are already hard at work building the infrastructure which Hong Kong will need in the next century; particularly to maintain our ability both to assist and to profit from rapid economic growth throughout southern China and the coastal provinces. The Chinese Government has been very open about its own determination to preserve Hong Kong as a thriving centre for international business.

With these factors in our favour, we can together face the future with considerable confidence.

British Liaison Group Chief Comments on New Work Committee

*HK2701064494 Hong Kong LIEN HO PAO in Chinese
15 Jan 94 p 2*

[By Li Ho-teh (2621 4421 1795): "In Exclusive Interview, British Representative to Joint Liaison Group Davis Says PWC Cannot Be Mentioned in Same Breath as JLG"]

[Text]An Agreement Can Be Expected at Next Meeting on Stonecutter's Navy Base

During an interview with Hong Kong journalists yesterday, Hugh Davis, chief representative of the British side of the Sino-British Joint Liaison Group [JLG], who has been in Hong Kong for just four months to take up his new post, told our newspaper that the Preliminary Work Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region is only an organ of study and consultation for the Chinese side on the Hong Kong issue. It cannot be mentioned in the same breath as the JLG.

During the interview, which lasted an hour or so, Davis revealed that after two months of consultations, the Chinese side has agreed to discuss with the British side the draft regulations on the Airport Corporation. At the next experts meeting of the defense and security group, Davis was quite confident that the Stonecutter's Navy base issue will be resolved. But he also admitted that it was a mistake that the agreement reached between China and Britain on the Court of Final Appeal had not won the support of Hong Kong's Legislative Council [Legco]. However, such things often happened under a democratic system.

JLG Carrying Out "Underwater Activities"

Sino-British relations have become strained due to the dispute over Hong Kong's political structure. It can be said that the JLG is the only British organ in contact with the Chinese side at present. But recently, the Chinese side has made active preparations for setting up a second stove—the PWC. The work and matters discussed by the PWC are almost the same as those of the JLG. Has the JLG changed its functions then?

Davis admitted that the work of the JLG has progressed slowly. According to the Sino-British Joint Declaration, the JLG's function is to serve as a channel for communications between China and Britain. However, the PWC is only a research organ offering opinions to the Chinese side on matters affecting Hong Kong. Therefore, both cannot be mentioned in the same breath.

Davis emphasized that several international agreements, which had nothing to do with major issues, were adopted by the JLG at its 28th meeting last December. The

Chinese representative told him that because of the political reform issue, it was hard for the meeting to make any progress. He described Sino-British relations at that time as being at the "tip of the iceberg." Even so, the JLG had still carried out some "underwater" activities.

Guo Fengmin Was Informed of the Allocation of Funds for the Airport on 15 December

Referring to the new airport issue, Davis said he did not understand why the PRC Foreign Ministry spokesman said the day before yesterday that there had been no diplomatic contacts between China and Britain on this issue. He said that on 15 December last year, he had personally informed Guo Fengmin of the airport fund allocation scheme, and, 10 days ago, Alan Paul, a member of the British side, had also presented a Legco document on the plan to the Chinese side, hoping that the Chinese side would discuss the issue with the British side or give its opinions. Even this week, he had also made telephone calls to the other side time and again, but the latter did not give a definite reply.

The Chinese Side Hints that a Meeting of the Airport Committee May Be Held in March

Davis said he did not know when the airport committee meeting could be held, but disclosed that the Chinese side had agreed to discuss the draft airport regulations with the British side after a two-month consultation period. This indicates that the meeting could possibly be held in March.

However, are the differences between both sides too big to reach any agreement on the airport issue? Davis did not think so. He stressed that in any talks, there is room for both sides to take flexible measures. Therefore, the possibility that both sides may change their stand should not be ruled out. The most important thing is for the Chinese side to sit down and talk.

When asked whether this indicated that the British side might make concessions on this issue, Davis said it was unwise to say that one would make concessions before sitting at the negotiating table.

The Hong Kong Government will submit a bill on the Court of Final Appeal to Legco. An agreement has already been reached by the JLG on this bill, but it will not win the support of Legco and other legal institutions. When asked whether this had been erroneous assessment by the British side, Davis admitted that it had been a mistake. However, the possibility of a similar occurrence in the future could not be ruled out, he said.

He explained that under a democratic system, the orientation of the administrative authority can not definitely be endorsed by the legislative organ and the intentions of the Legislative Council could not be clearly foreseen. Although the British side believed that the agreement was not the best one and had told the Chinese side this, under a situation where the Chinese side was willing to

talk, this was the only choice. In the end, however, the matter should still be decided by Legco.

On the issue of the definition of a permanent resident, which the Hong Kong people are worried about at present, Davis said this was a complicated and difficult issue. He was glad to see that the Chinese side had attached increasing importance to this issue recently.

He also said that both sides have agreed in principle that Laurence M. Y. Leung, director of the Immigration Department, will pay a visit to China. But the timing of his trip had not been decided. So far, no response to this had been received.

Although certain headway has been made in the last few rounds of meetings on the issue of the Stonecutter's Island navy base, which were held by the defense and security groups under the JLG, no agreement had yet been reached. However, Davis said an experts' meeting would be held very soon. If things go on smoothly, he was quite confident that an agreement would be reached. Both sides would bring their seals to the next meeting and be ready to sign the agreement.

When asked why he was so sure of this, Davis refused to give further details. He also refused to admit whether the British side had made any concessions on the size of the future Stonecutter's base for the People's Liberation Army. He only stressed that both China and Britain had the common intention of reaching an agreement.

Realizing Importance of Patience After Four Months in His New Post

Having been in his new post for four months, Davis said he was still at a learning stage. His predecessor, Anthony Galsworthy, had advised him to be "patient." Now he had begun to realize the importance of being "patient." After taking up his new job, he also discovered the seriousness of his responsibilities, which have a bearing on the smooth transition of Hong Kong in the future.

The only thing that had disappointed him was the slow progress of the JLG's work. He said he would feel distressed if things continued to go on like this.

'Logjam' Threatens Accords on Extradition

HK2401033294 Hong Kong SOUTH CHINA
MORNING POST in English 24 Jan 94 pp 1, 2

[By Hedley Thomas and Doreen Cheung]

[Text] Hong Kong and Chinese groups dealing with issues that may affect the rule of law after 1997 are both complaining that their work is being hamstrung by the logjam in the Sino-British Joint Liaison Group (JLG).

Both sides have called for the JLG to speed up its work.

The Government's International Law Division warns that it will run out of time to seal extradition treaties and other equally important international agreements.

The legal sub-group of the Beijing-appointed Preliminary Working Committee (PWC) has found that some of Hong Kong's legislation that involves international treaties to which China is not a signatory will not be applicable after 1997 unless the JLG localises the laws.

A PWC member, Maria Tam Wai-chu said she hoped the JLG could speed up its work to facilitate discussion in the PWC or whether the existing British related laws complied with the Basic Law. China must grant approval before Hong Kong authorities can enter into lengthy negotiations with another country about treaties or agreements. Several rounds of talks are necessary before a deal can be tentatively struck and it must then be put before the Executive Council and the Chinese side in the JLG for final approval.

"We have reached the stage where all the programmes simply cannot be done in the remaining period of time," said the International Law Division's head, David Edwards. "It's simply not possible to do all the programmes in the time remaining and wouldn't be even if we poured in more resources.

"We are now beyond the point where, even if [the Chinese side] approved it all, we could finish," Mr Edwards said his division could possibly complete the extradition agreements if there was a breakthrough in co-operation with Chinese authorities at all levels of the negotiating process. "But it would have to be complete co-operation and I think it's pretty unlikely," said Mr Edwards, legal adviser in the JLG talks. "If the extradition treaties are not in force in 1997 there will be a gap in the law. In the area of extraditions, the SAR (Special Administrative Region) will not be able to return criminals from where they came, meaning Hong Kong could become a haven for undesirables.

"Extraditions are only one of the number of things we have to do. It will certainly not be possible now to finish off programmes that haven't even begun, such as reciprocal enforcement of judgments and mutual legal assistance, which are equally important."

The Government decided agreements with 18 to 20 countries in the region, North America and Europe would be essential for the territory to maintain international respectability and credibility. Mr Edwards predicted that necessary extradition agreements with at least six countries, or about one third of the total, would be left unresolved in 1997 at the present rate of progress.

In the area of extraditions the Government has not been able to even begin talks with 10 of these targeted countries, representing half the number on the priority list, because the Chinese side has not given the green light. Only three bi-lateral agreements for the surrender of fugitive offenders have been sealed - with the Netherlands, Canada and Australia - since the division began direct negotiations with Chinese approval in 1990. The agreements, binding under international law, will survive the territory's handover.

Until 1997, the territory will continue to exchange fugitives with about 90 countries under a legal framework tied to the British system. More than 30 suspected murderers, drug traffickers and organised criminals were last year extradited between Hong Kong and the United States, Sweden, Canada, New Zealand and Macao in what the Legal Department called "a banner year for international co-operation in fighting crime".

The other important international agreements even further behind schedule include reciprocal enforcement of judgments in law; the abolition of visas to streamline visits by Hong Kong businessmen and tourists to participating countries; mutual legal assistance, and investment promotion and protection. Senior government sources have blamed "the excruciatingly slow pace" of the Chinese side in the JLG for the lack of progress. Sources said that in some cases, requests to begin talks with other countries have been on the negotiating table for three years. "One can only assume [the Chinese] are connecting it with the Governor's constitutional reform proposals," said a government official. "But they can't possibly hurt the British by this. It can only hurt Hong Kong and its people."

The legal representative on the Legislative Council, Simon Ip Sik-on, said yesterday Hong Kong would be harmed by a failure to seal extradition agreements by 1997, but he believed there was still enough time. "Hong Kong could become a refuge for fugitives. Do we want to be a receptacle for fugitives? Of course not. If there is no agreement, the ends of justice will be defeated for both sides."

In Beijing, PWC member Ms Tam said she hoped the JLG could speed up its work on localisation of laws. She said the PWC legal sub-group had spent the weekend going over some of the Hong Kong laws to bring them in line with the Basic Law. One difficulty they encountered was how to localise those British-related laws to the future SAR since some involved international treaties in which Britain, but not China, was a signatory. One example was the Supreme Court Ordinance which had involved the Reine International Treaty in which China was not a signatory.

Ordinances which were at present extended from the United Kingdom acts, such as the Merchant Shipping Ordinance, had to be localised, she said. There were at least 100 similar cases which were under the discussion of the JLG. Ms Tam said she hoped that the diplomatic body could speed up its work. "As long as these problems remain unresolved, it will leave a crevice. It will become uncertain for us whether to wait for a conclusion from the JLG or go it alone by ourselves."

United Democrats Chairman Urges Immediate Reform

HK2501055094 Hong Kong SOUTH CHINA
MORNING POST in English 25 Jan 94 pp 1, 5

[By Louis Ng and David Wallen in London]

[Text] Governor Chris Patten should consider disbanding the Legislative Council [Legco] if it amended his political reform package in a way which represented a backward step in democratisation, leading liberal Martin Lee Chu-ming said yesterday. He said Mr Patten was constitutionally entitled to veto a law and dissolve the legislature.

Mr Lee, chairman of the United Democrats, claimed most of the appointed members in Legco had consistently acted against the wishes of the public. "After disbanding the council, he can appoint a new group of legislators who truly represent public views," he said. Mr Patten could then table the bill again and seek its approval.

Later, Mr Lee said that if Prime Minister John Major and the British Government "had any respect for the people of Hong Kong at all, they should introduce the bill containing Mr Patten's original reforms immediately". He said it would "wholly irresponsible and unacceptable" to delay any longer.

Replying to Mr Lee's suggestion, Mr Patten said: "We have to legislate with the Legco we've got, and I don't think I could very well say if this or that was amended in that case I would have to send for a new Legco."

"I don't think that would be regarded by the community as very fair."

The British Cabinet last night failed to take any decision on the tabling of the second section of Mr Patten's package but again urged China to return to the negotiating table and make concessions. Officials had earlier stressed that the meeting of the Hong Kong committee of the Cabinet chaired by Mr Major was aimed at taking stock of the impasse with China.

"No dramatic decisions have been considered or taken," said Foreign Secretary Douglas Hurd as he emerged from the one-hour meeting in Downing Street.

"The first part of the legislation, what we hope would be the non-controversial part, is going through the Legislative Council," he said.

"No decisions have been taken yet on the timing or content of the second part." But he stressed: "That legislation needs to be in place by July this year in order that the preparations for the elections in 1994 and 1995 can be made in an orderly way."

"We are entirely ready to resume discussions with the Chinese on the points that remain in disagreement, but obviously there is a limit to the time which could be spent before legislation has to be tabled on the second part."

Mr Patten insisted that the Hong Kong Government had proceeded in an orderly way. "We have taken one legislative step after another, and obviously we will want to have the first bill on the statute book before moving

on unless of course by that stage we have managed to resume discussions with Chinese officials," he said.

He refused to be drawn on whether the second tranche of legislation would be based on his original October 1992 proposal or the compromise cutting the functional constituency electorate put forward in the later rounds of talks. "We will obviously be deciding on what is the best way forward in the light of our success in getting the first bill through and other factors at the time," he said. This was not the appropriate occasion to make an announcement on the content of the bill.

He said he would want to take account of the views expressed in the community and by political groups in recent weeks. "We want to make sure that there is as broad a base of support as possible." He hinted that Britain had asked the US to raise the Hong Kong democracy issue in its current talks with the Chinese Government. "It would not be surprising if other countries expressed their concern over Hong Kong's system and the survival of rule of law," he said. The Governor added: "When approached by our friends, we tell them."

Mr Patten firmly denied any suggestion of division between himself and the Foreign Office on how to proceed. "I have never ever in my life been to a meeting at which views were more unanimously expressed," he said.

The United Democrats' own amendments on the coming partial electoral bill was ruled out of order by Legco President John Swaine. The amendments intended to increase the number of directly-elected seats to 30; to introduce the nine new functional constituency seats as mentioned in the original package proposed by Mr Patten and to create three new functional constituencies to give the retired and housewives a second vote.

Liberal Party Chairman Criticizes 'Propaganda War'

HK2601054794 Hong Kong HONGKONG STANDARD in English 26 Jan 94 p 2

["Forum" column by Allen Lee, Liberal Party chairman, from the "Opinion" page: "Deliberate Distortions in an Increasing Propaganda War"]

[Text] Having taken the pulse of the rank and file, the Liberal Party last weekend diagnosed support for an amendment to the partial reform bill. Should that remedy fail, the party will support what is on offer.

Far from vacillating on the reform proposals, the party has arrived at its definitive decision through consultation as its members require of their leaders and as it is consistent with our political creed.

To reiterate for emphasis, let me say, the Party is seeking to separate the bill's provisions so that any reference to a one seat, one vote arrangement is confined to all the elected assemblies, other than the Legislative Council.

This seems to be the only hope of keeping the doors to British and Chinese negotiations ajar.

Our members support lowering the voting age to 18 and allowing National People's Congress delegates to contest local elections.

Most of us have no quibbles with any specific point in the partial bill which is supposed to cover the least contentious aspects of the reform proposals as introduced by the Governor in October 1992.

What we oppose is any attempt to divide the community, the sabotage of British and Chinese cooperation, and turning our backs on 10 years of confidence-building in Hong Kong.

I am not crying wolf when I say there are groups and individuals in our midst who are agitating for confusion in Hong Kong and for a showdown between Britain and China.

What the Liberal Party and its friends must guard against is any attempt to undermine Hong Kong and its institutions.

Any reform must help our community through to 1997 and beyond rather than be an excuse for someone to usurp power, incite trouble, and another to claim dubious glory. The changes also, must serve a better end than the rewriting of electoral rules to spite the future sovereign.

Many have praised the architect of the reforms for his sincerity (just as many have done the opposite). But the world, as most of us can see, is strewn with the rubble of noble intentions.

Over the past year, since the reform proposals were introduced, I have seen with dismay deliberate distortions of words and meanings in a raging propaganda war in Hong Kong.

A Democrat nowadays urges the Governor to exercise his autocratic powers by disbanding the legislature if it voted against the reforms. Another equal rights advocate demands that retired civil servants be banned from private employment. A self-professed defender of Hong Kong interests is out and about worsening the dispute between Britain and China that will cost—and is costing—Hong Kong. Tactics are now confused with principles which are these days treated as a commodity.

I know many in our society are not apathetic but are wary of politicians seen by them to be too suave and conniving. They have reason for their suspicion for, whenever they analyse the slogans and study the gestures, they find these statements empty and the baby-kissing routine boring. The public cannot be fooled all the time.

The Liberal Party could be posturing too and taking radical positions which always attract an audience.

Pleading for talks, reconciliation and reason is never as easy to stumping for the opposite.

When weighing the merits of issues on logic, the politician has to become a statistician, an administrator, a doer and not an actor. The price of prudence is reservation.

How much simpler it would be to react on impulse, to be fanatical, self-righteous and be ready to blame someone else for failures. Doing so, however, would for me be an abdication of responsibility.

We must act carefully because the consequences of mistakes are so serious.

Now that the reforms have been thrust upon Hong Kong, the public has to treat the subject with calmness and a measure of skepticism.

The passion the community feels and the Liberal Party shares is for a better Hong Kong where the people can live in safety, stability and harmony with the future sovereign.

I find it deeply ironic that 10 years ago, we of Hong Kong were told by Britain to trust and work with the mainland Chinese—when we had few reasons to do so. Now, with so much contact, business in both directions, and travel also in both directions, we are suddenly asked by Whitehall and the Governor to resist and suspect people north of the Shenzhen River. How is that for confusion, cynicism or callousness?

UK Building Base in Malaysia for Hong Kong Troops

HK2701070094 Hong Kong SOUTH CHINA
MORNING POST in English 27 Jan 94 p 3

[By David Wallen in London and Andy Gilbert]

[Text] Britain has submitted plans to build a military base in Malaysia to allow troops still to operate in the region following the withdrawal from Hong Kong.

The base at Mersing on the southeast tip of the Malaysian peninsula, is being linked to the controversial 243 million (HK\$2.77 billion) aid package for the Pergau Dam power project, which a former British defense secretary has linked to a 1.3 billion arms deal with the Kuala Lumpur Government.

There is also speculation that the base could become a new home for the General Communication Headquarters listening post at Chung Hom Kok near Stanley which is expected to close before the 1997 handover.

Chung Hom Kok is a key site for Britain's security establishment and has been used to eavesdrop on electronic communications throughout the region.

The SAS [Special Air Service], Britain's primary special forces unit, is based periodically in Hong Kong and is

known to take part in jungle warfare exercises in Brunei and elsewhere in Southeast Asia.

The current Commander British Forces in Hong Kong, Major-General John Foley, is intimately acquainted with both operations since before taking up his Hong Kong posting he was the director of the SAS Group and Deputy Chief of Defence Intelligence.

The SAS also has an antiterrorist role, and vetted security at Government House and Fanling Lodge before Governor Chris Patten, a potential target for the IRA, arrived in Hong Kong in 1992.

The British Garrison currently around 8,000 troops and civilians, is set to decline dramatically this year. The 600 soldiers of the Black Watch regiment leave this year, and Stanley Fort will be vacant by September. By the end of 1994 the Garrison is expected to be 3,000 strong.

A spokesman for the Garrison said they had no knowledge of any plans to develop a base in Mersing. "Our only responsibility in the region is to Hong Kong, Brunei and Nepal," he said. "We do use Malaysia as training facility for British forces but that is in Sabah, at the other end of the country."

"In any case, we would not expect to be routinely informed about government-to-government contracts."

John Laing International, the British construction company, said yesterday it had recently submitted a report with detailed plans to the Malaysian Government, but would not comment further. "It would be for the Malaysian Government to tell you about the report," said a spokesman. The Malaysian High Commission in Britain refused to comment on the deal but the Ministry of Defence in London confirmed that the original specifications were for barracks, infrastructure and electronic equipment. The specifications are also believed to include submarine docking facilities, a landing strip, and reinforced hangars for Hercules transport aircraft.

Mersing has existed as a military base since British rule in then Malaya but it will be almost entirely rebuilt under the new plans. As a signatory to the Five Power Defence Agreement with Malaysia, Australia, New Zealand and Singapore, Britain will be able to station troops there during joint exercises. Britain has close defence co-operation with Malaysia and officers are routinely seconded to Kuala Lumpur.

Mersing was first raised during the deal to finance a 1.3 billion pounds British sale of arms to Malaysia in 1988 which included the purchase of Hawk fighters and two frigates.

A senior banker involved in arranging the finance of the deal was quoted yesterday as saying: "It was on a menu of transactions drawn up by the Malaysians. They'd selected a site and they wanted our help. It would be operated by the Malaysians but would contain our troops when Hong Kong goes."

'Major Reshuffle' of Hong Kong, Macao Office Expected

HK2701104094 Hong Kong MING PAO in Chinese
27 Jan 94 p A2

["Special article": "There Will Be a Major Personnel Reshuffle in the Hong Kong and Macao Affairs Office"]

[Text] There will soon be a major reshuffle among the Chinese officials in charge of Hong Kong affairs, as a supporting measure for the tough stand the central authorities are going to take on Sino-British relations. It is learned that Wang Fengchao, director of the Second Department of the Hong Kong and Macao Affairs Office [HKMAO], will be promoted to the position of deputy director of the HKMAO, while Chen Zuor, director of the First Department, will be transferred from Beijing to Hong Kong as a representative to the Sino-British Joint Liaison Group [JLG]. Besides, the Chinese side is carefully thinking over the retirement of Guo Fengmin, chief representative of the Chinese side to the JLG, and is considering choosing an appropriate official from the Ministry of Foreign Affairs to take his place.

It is learned that when Sino-British relations went downhill, the HKMAO had an intense discussion among its officials on how to keep pace with the new circumstances. In the end, the hardliners gained the upper hand, followed by a series of personnel changes. Wang Qiren, former deputy director of the HKMAO, was earlier given an official promotion to the chairmanship of the Bank of China Group's board of directors. The vacancy he left behind will be filled by Wang Fengchao, director of the Second Department of the HKMAO, who has been responsible for Hong Kong's political and social affairs.

Wang Fengchao is about 50 years old. He studied in the Chinese Department of Beijing University and worked with LIAONING RIBAO as a journalist for some time. Later, he became a fellow at an institute of the Chinese Academy of Social Sciences and worked there for a period of time before moving on to the HKMAO. In 1992 he headed a delegation to Hong Kong and last year he attended the Sino-British talks on constitutional reforms in Hong Kong in the capacity of the Chinese side's adviser and expert.

Wang Fengchao's wife, Lei Yuping [7191 3254 1627], is one of the persons in charge of All-China Journalists' Association. They were classmates in the university and later got married. Wang's father-in-law is General Lei Yingfu [7191 5391 1133], a CPC celebrity. CPC leader Mao Zedong called Lei a "gifted scholar" during the Yanan period and held him quite close.

Chen Zuor, former director of the First Department of the HKMAO responsible for Hong Kong's economic affairs who became widely known among the people of Hong Kong because of the talks on the new airport project, will be transferred from Beijing to Hong Kong as a Chinese representative to the JLG, taking the place of Luo Jiahuan who is currently holding this position.

The two vacancies Wang Fengchao and Chen Zuor are to leave behind will be filled by the two deputy directors of their respective departments, namely, Xu Ze [1776 3419] and Zhang Lianglian [1728 5328 2808]. Chen Guangming [7115 1639 2494], another deputy director of the Second Department, will be transferred to Guangdong.

On the other front, the central authorities in Beijing are considering the retirement of 63-year-old Guo Fengmin, chief Chinese representative to the JLG. He will be succeeded by an appropriate person handpicked by the Ministry of Foreign Affairs. It is learned that Zhao Jihua, director of the Hong Kong and Macao Affairs Office of the State Council, is among the candidates being considered.

Li Peng Notes Hong Kong Investment in Mainland

OW2101190994 Beijing XINHUA Domestic Service in Chinese 0748 GMT 12 Jan 94

["Roundup" by XINHUA reporter Zhan Xiang (6124 3276): "The March Toward the Mainland's Infrastructure Construction—An Observation of the Trend of Hong Kong Businessmen's Investment in 1993"]

[Excerpt] Hong Kong, 12 Jan (XINHUA)—The economic exchanges and trade between Hong Kong and the mainland in 1993 showed an upsurge of investment in the mainland's energy, transportation, and other infrastructure projects by Hong Kong's well-known consortiums.

Infrastructure Attracts Great Attention

In October 1993, Hutchison-Whampoa, Ltd. of Hong Kong and the Shenzhen Dongpeng Industry Company, Ltd. jointly formed the Yantian International Container Terminal Company, Ltd. to build and manage the Yantian International Container Terminal. With a total investment estimated at greater than 5 billion yuan, the project is the largest joint venture in Shenzhen. On 5 October 1993, Premier Li Peng met with Li Ka-shing, the richest person in Hong Kong and the president of Hutchison-Whampoa Ltd. Li Ka-shing was attending a signing ceremony in Beijing for the project. Premier Li Peng said during the meeting: China faces an increasing demand for transportation as its economy develops further, its door opens wider, and its foreign economic and trade activities increase. The mainland's use of foreign funds has been expanded to include the area of infrastructure, including ports, railroads, airports, and power stations.

Premier Li Peng's remarks have summed up from another angle the trend of Hong Kong businessmen's investment in the mainland. [passage omitted]

Li Tieying Meets Visitors From Hong Kong

OW2701043294 Beijing XINHUA in English 0353
GMT 27 Jan 94

[Text] Beijing, January 27 (XINHUA)—Li Tieying, state councillor and minister in charge of the State Commission for Restructuring the Economy, met with Sir Jack Cater, chairman of H.G. Asia Ltd, a Hong Kong-based securities firm, and his party here this morning.

Sir Cater and his party arrived here yesterday as guests of the commission.

Correction on Hong Kong Airport Editorial

HK2701050694

The following correction pertains to the item headlined "Editorial on 'Violating Agreement'," published in the Hong Kong & Macao section of the 26 January China DAILY REPORT, pages 87-88:

Page 87, column 2, third full paragraph, fifth sentence, make read: ...exceed Hong Kong \$5 billion. Now the increase.... (changing "\$5 million" to "\$5 billion")

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